

1981

Annual
Report

Commissioner of
Internal Revenue
and the
Chief Counsel for the
Internal Revenue Service

IRS

Note:

Statistical data used in the text and tables of this volume are on a fiscal year basis, unless otherwise noted. For example, data headed "1981" pertain to the fiscal year ended Sept. 30, 1981.

Graphs, charts and text figures have been rounded and may not compute precisely compared to the statistical tables, which are based on unrounded figures.

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IRS

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Map —Internal Revenue Service Regions,
Districts and Service Centers; Chief Counsel
Regional and District Offices/Inside back cover

This annual report reflects an expanding tax system that has significantly enlarged the Internal Revenue Service's workload. The increase in the number of returns filed and the amount of gross revenue collected is evidence that our self-assessment tax system remains vigorous and healthy. Some of the information in this report indicates areas in which the growth of the tax system has measurably challenged our capabilities.

When I became Commissioner of Internal Revenue in March 1981 our compliance programs were being challenged by illegal tax protesters, abusive tax shelters and increasing amounts of delinquent taxes. There were backlogs in projects in regulations, appeals and litigation. The IRS was working to implement changing tax laws and administer an ever-growing tax system.

To deter illegal tax protesters we issued regulations to discourage the submission of fraudulent Forms W-4 claiming excessive allowances or exemption. We also took prompt and firm action against the promoters of illegal tax protest schemes.

Abusive tax shelter returns are still a compliance problem and we are looking at ways to reduce the stress they may place on our appeals and litigation functions. The Economic Recovery Tax Act of 1981 is helping us curb the growth of abusive shelters. To decrease the number of tax shelter cases that reach the courts we have revised our methods of dealing with these cases in the administrative appeals process. This new approach should have a significant, favorable effect on our case workload in this area.

We are trimming the regulations process to expedite drafting and review and to set priorities so that those regulations with greatest impact are considered earlier.

The rise in delinquent tax accounts over the past few years has caused us to adopt debt collection techniques that have proven successful in the private sector and we are moving ahead with automated collection equipment to increase efficiency and reduce paperwork.

We have found that the solution to many of the administrative problems facing the IRS today is greater and more effective use of our computers and increased office automation. The day of looking merely to a larger workforce to get the job done is behind us. We intend to make the most of machine technology to help us accomplish our mission. We are confident that we can do the things we do with fewer people than we have had in the past.

I am committed to the President's program of increasing efficiency and reducing the cost of government. The IRS has a record of efficient, innovative management and we are looking, and will continue to look, at ways to build on that record so the American public will continue to have responsive, effective tax administration at the lowest possible cost.

This annual report, my first as Commissioner, combines the Commissioner's and Chief Counsel's annual reports into one publication. The 1981 annual report also lists a new district, formed in response to the growing population and economy of the Houston, Texas, area. However, it was established so late in the fiscal year that individual statistics for it are not available for this report.

Roscoe L. Egger, Jr.

Roscoe L. Egger, Jr.
Commissioner of Internal Revenue

Returns Received

The Internal Revenue Service received and processed 166.5 million tax returns and supplemental documents during 1981. Over 94 million, or 56.5 percent, of all returns filed this year were individual income tax returns. Of these, 36.9 million individual taxpayers filed short Forms 1040A and 57.1 million used Forms 1040.

Number of Returns Filed by Principal Type of Return

(Figures in thousands. For details see Statistical Table 6.)

Type of Return	1980	1981
Grand Total	143,446	166,528
Income Tax, Total	107,803	130,555
Individual	93,128	94,018
Declaration of estimated tax	8,699	130,347
Fiduciary	1,877	1,917
Partnership	1,390	1,467
Corporation	2,709	2,806
Estate Tax	148	146
Gift Tax	216	199
Employment Tax	26,440	26,063
Exempt Organization	444	409
Employee Plans	792	790
Alcohol, Tobacco and Firearms	547	522
Excise Tax	909	971
Supplemental Documents²	6,064	6,817
Non-Master File Returns³	83	56

²Data revised from previous annual report.

¹The increase in volume since 1980 results from a change of count for declaration of estimated tax data—the number of taxpayers was shown in 1980 whereas the number of documents is shown in 1981.

²Includes Forms 1040X, 1120X, 2688, 4868, 7004, 7005, 1041A and 990AR.

³Includes Forms 941M, 941NMI, CT-2, 949, 949A, 990BL, 5069, 1042, 1120DISC and 720M.

Mathematical Correction

As a result of checking the mathematics on 91.4 million individual returns the IRS issued refunds or credits to 3.2 million taxpayers who made mistakes that overstated their tax liabilities by \$778 million, an average of \$242 per return. On 3.9 million returns taxpayers understated their tax liability by \$1.2 billion, an average of \$315.

Error rates for Forms 1040 and 1040A rose slightly in 1981, with 6.7 percent of the 1040As processed having mathematical errors, compared to 6.3 percent for 1980. The error rate for Forms 1040 was 8 percent in 1981, 7.5 percent in 1980. The five most frequent taxpayer errors involved the earned income credit, use of tax tables, calculation of the balance due or refund, Form W-2 withholding and itemizing deductions.

In checking estimated tax payments claimed on individual income tax returns the IRS found that taxpayers had underclaimed \$446 million and overclaimed \$950 million.

Individual Income Tax Returns Mathematically Verified

(In thousands)

	1980	1981
Number Verified by Computer[*]	88,945	91,427
Number of returns on which mathematical errors were detected	6,468	7,118
Percent of returns with mathematical errors	7.3	7.8
Returns with Decrease:		
Number	2,912	3,212
Amount	\$590,832	\$778,229
Average amount	\$202.91	\$242.29
Returns with Increase:		
Number	3,556	3,906
Amount	\$1,119,633	\$1,232,352
Average amount	\$314.88	\$315.47

^{*} Does not include Forms 1040C, 1042, prior year returns or non-computes.

Net Internal Revenue Collections

(In thousands of dollars)

Source	Gross Collections	Net Collections		
		Refunds ¹	Amount	Percent of Total
Grand Total	606,799,103	62,249,788	544,549,314	100.0
Corporation income taxes	73,733,156	12,596,020	61,137,136	11.2
Individual income taxes	332,850,146	*48,617,044	284,233,102	52.2
Employment taxes, total	152,885,816	581,181	152,304,634	28.0
Old-age, survivors', disability and hospital insurance	146,529,366	515,480	146,013,886	26.8
Railroad retirement	2,710,994	7,075	2,703,918	0.5
Unemployment insurance	3,645,456	58,626	3,586,830	0.7
Estate and gift taxes	6,910,386	123,849	6,786,537	1.2
Excise taxes	40,419,598	331,694	40,087,904	7.4

¹ Does not include interest paid on refunds. In the narrative the total refund figure of \$63.3 billion includes \$1.1 billion interest.

* Refunds of Forms 1040 and 1040A including withheld taxes, minus FICA.

Tax Receipts

Gross tax receipts in 1981 rose to \$606.8 billion, an increase of \$87.4 billion—16.8 percent—over 1980. The gain was larger than the previous record \$60.6 billion increase in 1979.

Income taxes accounted for over two-thirds of all tax receipts. Individual income taxes of \$332.9 billion reflected an increase of \$45.3 billion, or 15.8 percent, over the prior year. Corporation income tax receipts were \$73.7 billion, up \$1.4 billion, or 1.9 percent.

Social security, self-employment, federal unemployment and railroad retirement taxes totaled \$152.9 billion, up \$24.6 billion or 19.1 percent, from 1980. This rise reflects an increase in the social security tax rate from 12.26 to 13.3 percent on Jan. 1, 1981, and an increase in the taxable earnings base from \$25,900 in 1980 to \$29,700 in 1981.

Excise tax revenue rose to \$40.4 billion, up by \$15.8 billion, or 64.2 percent, over last year. The sharp increase was due primarily to receipts from the windfall profit tax. During 1981 the IRS processed 5,342 quarterly and annual excise

tax returns reporting \$16.9 billion of windfall profit tax.

Estate and gift taxes increased by \$412 million—6.3 percent—to \$6.9 billion.

Refunds

The IRS paid a total of \$63.3 billion in refunds to 73.6 million taxpayers. In 1980, 74.5 million refunds totaling \$54 billion were paid. This year refunds to 71.3 million filers of Forms 1040 and 1040A were \$48.4 billion including interest. Individual refunds averaged \$679, compared to an average of \$614 paid to 72.3 million individual taxpayers in 1980. Refunds to taxpayers also included 4.9 million checks totaling \$1.3 billion for taxpayers who claimed the earned income credit.

Penalties

The law provides for the IRS to charge penalties such as those for failure to pay, paying with bad checks, filing late, negligence and fraud. In 1981 the IRS imposed 22 million penalties for a total of \$3 billion. For details see Statistical Table 14.

Gross Internal Revenue Collections

(In thousands of dollars. For details see Statistical Table 1.)

Source	Percent of 1981 Collections	Increase or Decrease			
		1980	1981	Amount	Percent
Grand Total	100.0	519,375,273	606,799,103	87,423,829	16.8
Income Taxes, Total	67.0	359,927,392	406,583,302	46,655,910	13.0
Corporation	12.2	72,379,610	73,733,156	1,353,546	1.9
Individual, total	54.9	*287,547,782	*332,850,146	45,302,364	15.8
Withheld by employers ³	42.2	*223,801,608	*256,006,407	32,204,799	14.4
Other ³	12.7	63,746,174	76,843,739	13,097,565	20.5
Employment Taxes, Total	25.2	*128,330,479	152,885,816	24,555,337	19.1
Old-age, survivors', disability and hospital insurance, total	24.1	122,486,499	146,529,366	24,042,867	19.6
Federal insurance contributions	23.2	116,763,618	140,488,605	23,724,988	20.3
Self-employment insurance contributions	1.0	5,722,881	6,040,760	317,880	5.6
Unemployment insurance	0.6	3,309,000	3,645,456	336,456	10.2
Railroad retirement	0.4	2,534,981	2,710,994	176,013	6.9
Estate and Gift Taxes	1.1	6,498,381	6,910,386	412,005	6.3
Excise Taxes, Total	6.7	24,619,021	40,419,598	15,800,577	64.2
Alcohol	0.9	5,704,768	5,688,413	-16,355	-0.3
Tobacco	0.4	2,446,416	2,583,857	137,441	5.6
Other	5.3	16,467,837	32,147,329	15,679,491	95.2

¹ Includes Presidential Election Campaign Fund amounting to \$38,831,653.

² Includes Presidential Election Campaign Fund amounting to \$40,956,589.

³ Estimated collections of individual income tax withheld are not reported separately from old-age, survivors', disability and hospital insurance (OASDHI) taxes on wages and salaries. Similarly, collections of individual income tax not withheld are combined with OASDHI taxes on self-

employment income. The amount of OASDHI tax collections shown is based on estimates made by the Secretary of the Treasury pursuant to the provisions of sec. 201(a) of the Social Security Act as amended and includes all OASDHI taxes. The estimates shown for the two categories of individual income taxes were derived by subtracting the OASDHI tax estimates from the combined totals reported.

* Data revised from previous annual report.

Flow of Returns Received and Refunds Issued

Individual Income Tax *

(Cumulative numbers in thousands)

1980	Jan	Feb	Mar	Apr	May	June
Returns Received						
Number	9,731	38,250	55,827	88,769	89,981	91,432
Percent	10.6	41.8	61.1	97.1	98.4	100
Refunds Issued						
Number	986	13,190	35,439	56,408	67,353	69,028
Percent	1.4	19.1	51.3	81.7	97.6	100
1981						
Returns Received						
Number	7,755	36,743	54,319	89,154	90,879	92,639
Percent	8.4	39.7	58.6	96.2	98.1	100
Refunds Issued						
Number	794	12,082	34,614	55,583	65,911	67,578
Percent	1.2	17.9	51.2	82.3	97.5	100

* This chart represents cumulative 1040 and 1040A returns received in the service centers during the six-month filing period from January through June.

Tax Credits

Earned income credits (EIC) of \$2 billion were claimed by 6.9 million low-income taxpayers who maintain a home for themselves and at least one dependent. Employees have the option of receiving the EIC in their paychecks rather than waiting for a refund after filing an individual income tax return at the end of the tax year. Employers reported on 28,122 employment tax returns that \$19.2 million had been paid out in advance EICs during 1981.

This year taxpayers claimed \$553 million in credits on 4.6 million returns for energy conservation and renewable energy-source expenditures made on their residences.

The business energy investment tax credit, for investments in solar- and wind-energy property placed in service between Sept. 30, 1978, and Dec. 31, 1979, initially was refundable. Credits in excess of taxpayers' tax liability resulted in refunds. For property placed in service after Dec. 31, 1979, the credit is limited to the amount of the tax liability. This year taxpayers were allowed \$1.9 million to satisfy tax liabilities and refunded \$277,416 in excess of tax liabilities.

Employers claimed \$189 million on 124,000 returns for the targeted-jobs tax credit in 1981. This credit is designed to encourage employment of specific groups.

Presidential Election Campaign Fund

This year 27 million individual income tax returns had designations for the Presidential Election Campaign Fund—28.7 percent of the returns processed. Designations amounted to \$41 million, compared to \$38.8 million designated in 1980 on 25.3 million individual tax returns, or 27.4 percent of those processed. The cumulative amount credited to the fund since its inception in 1972 is \$287.2 million.

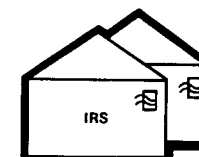
Combined Annual Wage Reporting

Combined annual wage reporting reduces the reporting burden for employers while still satisfying the needs of the IRS and the Social Security Administration (SSA). During 1980 the IRS began a program to ensure that the amounts reported on employment tax returns filed with the IRS and Forms W-2 filed with SSA agreed. This reconciliation was undertaken to assure that the correct tax had been reported and that the employees received the correct social security coverage with SSA. From the start of the program in January 1980 through Sept. 30, 1981, \$327.6 million in additional tax have been assessed.

Processing Pipeline



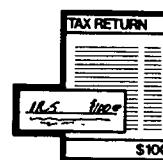
Returns are delivered to the regional service centers.



Envelopes are opened and returns counted.



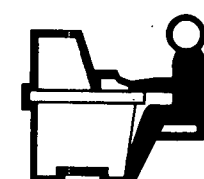
Returns are sorted by type of return.



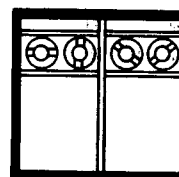
Tax returns and accompanying checks are compared.



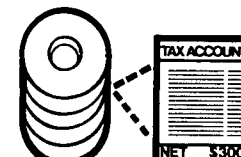
Returns are edited and coded for computer processing.



Tax return information is placed on magnetic tape for computer processing.



IRS computers check returns for mathematical accuracy.



Tapes are sent to the National Computer Center for account posting and settlement.



Tapes of refunds are sent to the Treasury Department Disbursing Center for issuance of checks directly to taxpayers.

Once a tax return reaches one of ten IRS service centers it travels through a series of processing steps known as "the pipeline."

While many parts of the pipeline shown here are automated for faster processing and faster refunds, people are involved every step of the way.

Write, Call or Walk In

This year the IRS received about 36 million telephone, 8.7 million walk-in and 106,000 written inquiries from taxpayers requesting information about their rights and obligations and available tax benefits. In 1980 the IRS responded to 35 million telephone, 8 million walk-in and 102,000 written inquiries.

Almost 60 percent of this year's 44.8 million inquiries, 26.7 million requests for assistance, occurred between January 1 and April 25—21 million phone calls, 5 million walk-in inquiries and 36,000 items of correspondence. A quality check of 205,000 telephone responses and other help given by IRS assisters during this same period found an overall accuracy rate of over 97 percent.

Toll-Free Telephone Assistance

Nearly all of the telephone calls received during the 1981 tax return filing period were made through the toll-free telephone system that allows taxpayers throughout the United States to call the IRS for information without paying long-distance charges.

Over 86 percent of these telephone calls are answered by front-line assisters. Calls requiring computer or technical assistance are referred to IRS employees who have specialized training. This year the IRS answered 3.4 million taxpayer account and problem resolution referrals and 2.7 million technical referrals.

Special equipment allows hearing-impaired taxpayers throughout the nation, Puerto Rico and the Virgin Islands to receive toll-free tax assistance, and in 1981, 2,310 taxpayers received such assistance.

Walk-In Service

Walk-in taxpayer assistance was offered at inner-city, business-district, suburban and rural locations in 680 permanent offices and 146 temporary offices during the filing period. In addition, over 37,000 banks and Postal Service locations helped distribute more than 248 million tax forms and instructions.

The IRS provided foreign language assistance at 201 of its 826 taxpayer service offices. Spanish language assistance was offered at 151 of these offices by 587 employees while 105 offices and 441 employees helped taxpayers in other languages.

Disaster Assistance

In 1981 the IRS provided help in preparing amended returns and casualty loss claims and

in getting refunds to taxpayers faster in 10 states and 35 counties affected by floods, hurricanes, tornadoes and other major disasters.

Educating Taxpayers

Understanding Taxes and similar programs reached more than 5.5 million high-school and college students last year. IRS-sponsored workshops for 41,000 small-business owners helped make taxpayers aware of their tax rights and responsibilities. In addition, over 550 institutes were held for tax practitioners.

Through the volunteer income tax assistance program (VITA) the IRS recruits, trains and supports volunteers who prepare tax returns for low-income, non-English speaking and military taxpayers. This year 293,000 federal income tax returns were prepared by 37,000 volunteers. In 1980, as a result of the tax counseling for the elderly program, the IRS entered into agreements with nonprofit organizations to provide free tax help to individuals age 60 and over using volunteers who were reimbursed for out-of-pocket expenses. During 1981, 10,000 volunteers prepared 79,000 federal income tax returns through this program.

Informing Taxpayers

Television networks and local television broadcasters provided free air time worth an estimated \$5.5 million for this year's IRS public service announcements.

National publications received 9,200 specialized issuances from the IRS to use in advising readers of their responsibilities and benefits. The material was designed for specific groups and covered items of particular interest on such subjects as child-care credits for working parents, information for homeowners, tax consequences of selling precious metals and tax responsibilities of small business owners.

The IRS issued 7,300 news releases and responded to nearly 21,000 media inquiries through the National Office and 75 field locations.

Clarifying Notices

To improve the clarity of the computer-generated notices and letters sent to taxpayers, the IRS reviewed over 900 notices and letters and recommended changes to almost 300 of them. Changes were made to three of the highest volume notices. These were tested and used during 1981 and reaction of taxpayers and practitioners was favorable. Other revised notices will be phased in starting in January 1982.

Making Information Available

During calendar year 1980 the IRS processed 12,651 requests under the Freedom of Information Act for IRS documents—an increase of 37 percent over 1979. Of this total, 7,350 were granted in full, 1,628 were granted in part and 3,673 were either incomplete requests or requests denied in full. The National Office reading room serviced approximately 29,000 additional requests for documents available to the public, including returns of exempt organizations, pension plans and private letter rulings—a 6.5-percent decrease from the prior year.

Under the Privacy Act of 1974 individuals made 334 requests for access to records about themselves. The IRS permitted full access in 96 of these requests and granted partial access in 28. The remaining 210 were either incomplete or were denied in full.



Approximately 1,970 disclosures of tax information were made to the Department of Justice, 187,000 to federal, state and local child-support enforcement agencies and 68.5 million to state tax agencies under specific disclosure provisions in the tax law.

The IRS has agreements with 93 state tax agencies for reciprocal exchange of confidential information. This federal-state exchange program increases tax revenues, reduces duplicate examinations and increases taxpayer compliance for both state tax agencies and the IRS. This year the IRS approved implementation agreements with 63 state tax agencies to identify more precisely the information to be exchanged and limit disclosures to information that is needed and used.

Helping Other Countries

In 1981 the IRS continued to provide long-term tax administration advisory assistance to Egypt, Liberia and Sierra Leone and started new

projects in Saudi Arabia and Trinidad and Tobago. Short-term projects were conducted for Ecuador, Guatemala, Jamaica, Jordan and Saudi Arabia. Most of the projects were funded by the Agency for International Development.

This year 532 officials from 79 countries visited the IRS for orientation and observation programs. Since 1963 over 6,350 visitors from 142 countries have participated in these programs. The IRS also presented a seven-week seminar in tax administration for tax officials from six countries.

High-level IRS officials addressed various assemblies and conferences of the Inter-American Center of Tax Administrators and the Caribbean Organization of Tax Administrators.

Problem Resolution

This year 318,179 individual taxpayer problems were resolved by the problem resolution program (PRP), which was established nationwide in 1977 to bring special attention to persistent taxpayer problems and complaints not promptly or properly resolved through normal procedures. PRP also identifies underlying causes of taxpayer difficulties so that organizational, procedural or systemic problems can be identified and corrected.

Each of the IRS's 59 districts, 10 service centers and seven regional offices and the office of international operations has a problem resolution officer. The taxpayer ombudsman, who is on the Commissioner's immediate staff, administers PRP nationwide, represents taxpayers' interests and concerns within the IRS decision-making process, reviews IRS policies and procedures for possible adverse effects on taxpayers, proposes ideas on tax administration to benefit taxpayers and represents taxpayers' views in the design of tax forms and instructions.

Forms and Publications

Public hearings held in Philadelphia, St. Louis, Dallas and Los Angeles resulted in many suggestions on how to simplify the federal tax forms and instructions.

The IRS distributed many taxpayer information publications free of charge, including 3.1 million copies of *Your Federal Income Tax*, 1.2 million copies of the *Tax Guide for Small Business*, 763,000 copies of the *Farmer's Tax Guide* and 69,200 copies of the *Tax Guide for Commercial Fishermen*. Additional tax materials were furnished to 7.9 million taxpayers, 240,000 tax practitioners and 438,000 employers. The IRS publishes more than 90 booklets—three in Spanish—on specific tax topics.

Examinations

During 1981 the IRS used a new system—total positive income (TPI) and total gross receipts (TGR)—to group individual returns for examination selection. TPI, which is used for nonbusiness returns, is the sum of all positive income values appearing on a return, with losses treated as zero. Under the previous adjusted gross income system (AGI), losses reduced income items with the result that high-income returns with tax shelter losses were grouped with low-income returns for examination purposes.

TGR is the sum of business gross receipts and is used to class business returns, which are further classed according to Schedule C (Business or Profession) or Schedule F (Farm). Under the new system returns of taxpayers who are predominantly wage earners but have a small amount of business income are classed as non-business.

Examination results for 1981 are grouped into classes by TPI and TGR. Previously returns were grouped according to AGI. Therefore examination data from previous annual reports cannot be compared to this year's on a class-by-class basis.

Examination and Correction Results

The IRS examined 1,930,292 returns in 1981, of which 1,768,774 were examined in district offices or at the taxpayers' residences or places of business by tax auditors or revenue agents—a decrease of 215,450 returns from 1980. The remaining 161,518 returns were examined in service centers, a decrease of 33,555 from 1980.

Revenue agents examined 557,084 returns at the taxpayers' residences or places of business—a decrease of 58,587 returns or 9.5 percent from last year. Tax auditors examined 1,211,690 returns in IRS offices, a decrease of 156,863 returns or 11.5 percent from 1980.

Examination coverage of income, estate and gift tax returns was 1.84 percent, compared to 2.12 percent in 1980.

The IRS examination program resulted in recommendations for additional tax and penalties of \$10.5 billion, compared to \$9.4 billion in 1980. Of that total, individual income tax returns accounted for \$2.6 billion, corporate income tax returns for \$6.3 billion, fiduciary returns for \$38.8 million, estate and gift returns for \$1.4 billion and employment and excise returns for \$125 million.

The examination program also disclosed overassessments on 114,994 returns resulting in refunds of \$395 million.

In addition to the examination program, 814,023 returns were verified or corrected during the year through correspondence from the service centers, including 668,610 that resulted from the matching of information documents. This is an increase of 280,977 returns or 53 percent over 1980. Recommended additional tax and penalties totaled \$205 million, compared to \$123 million in 1980.

Statistical tables 7 and 8 show examination activity for 1981 and 1980.

Windfall Profit Tax

In 1981 the IRS trained more than 700 enforcement and technical personnel in both basic oil and gas issues and in windfall profit tax administration. In addition, 370 employees were trained to respond to taxpayer inquiries and questions relating to the tax. Windfall profit tax liabilities reported on excise tax returns processed through Sept. 30, 1981, amounted to some \$16.9 billion.

Large Corporations

At the end of 1981 there were 942 large corporation cases in the national coordinated examination program (CEP) and 536 cases in the regional CEP with a combined average number of open years for each case of 2.73, compared to a 3.0 objective. Recommended tax deficiencies and penalties totaled \$4.33 billion during 1981, compared to \$4.35 billion for 1980.

The industry specialization program included 13 designated industries in 1981 encompassing 458 of the national CEP cases with 83 issues being coordinated.

Tax Shelters

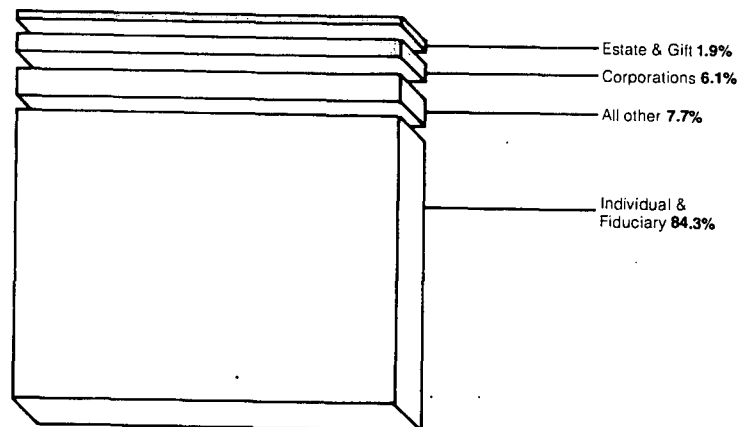
As of Sept. 30, 1981, 248,828 returns with tax shelter issues were in the examination process, an increase of 74,584 returns over the prior period. During 1981, 49,474 returns were closed after examination with recommended tax and penalties of \$593.5 million.

In 1981 the appeals division received a total of 19,116 tax shelter returns. At the end of the year 15,081 returns with tax shelter issues were in the appeals process—up 9,743 over 1980. As of Sept. 30, 1981, there were 8,572 civil cases docketed for court action.

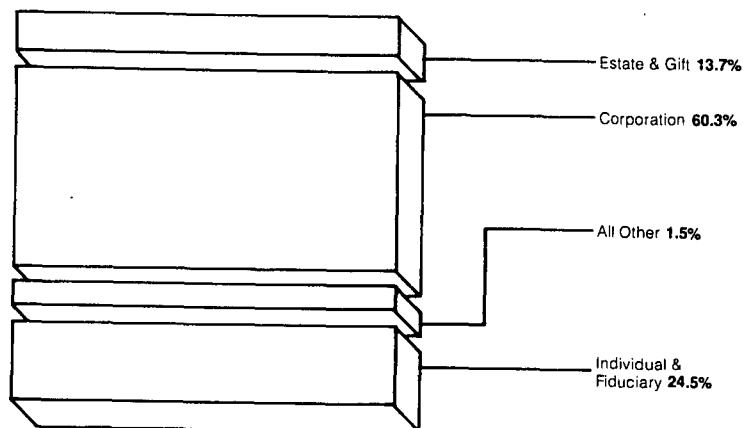
Special examination groups for commodity shelters were established in 1981, and procedures were revised to expedite processing of returns.

Tax Returns Audited by Revenue Agents and Tax Auditors (District Examination Divisions)

Returns Examined by Type of Tax



Dollar Recommendations by Type of Tax



There were 136 criminal investigations in process of tax shelter promoters and operators for fraudulent transactions at the end of September 1981. During the year 39 indictments and informations were returned, eight of which resulted in conviction on criminal charges. Federal grand juries have been established primarily to consider tax shelter-related crimes.

The Economic Recovery Tax Act of 1981 provides penalty provisions for excessive values assigned to properties that create inflated deductions. The Act also provides a disallowance for losses in excess of gains for commodity straddles, and interest and carrying charges for commodity straddles are to be a capital expenditure, rather than a current deduction, and must be added to the cost basis.

W-4 Program

The W-4 program was refined this year. It was established in 1980 to check abuses by employees who file incorrect withholding allowance certificates with employers to avoid having income tax withheld from wages.

The IRS expanded the monitoring of employer compliance with the regulations by requiring district collection and examination divisions to conduct compliance checks during contacts with business taxpayers. In addition, a computer system is being developed to identify employers with large payrolls who have not submitted Forms W-4 to the IRS. A program also is being established to follow up automatically on certain W-4 filers who failed to file 1980 income tax returns.

In March 1981 regulations were issued to prevent abuses by some employees who were filing successively false Forms W-4 after being notified by the IRS that the previous form was not acceptable. The regulations provide that the IRS will advise the employer that the employee may not claim total exemption from withholding or claim withholding allowances in excess of a number specified by the IRS.

A legislative proposal to increase the civil penalty for filing false Forms W-4 was included in the Economic Recovery Tax Act of 1981. The Act increased from \$50 to \$500 the civil penalty for filing false information with respect to wage withholding. It also increased from \$500 to \$1,000 the criminal penalty for willfully failing to supply information or for willfully supplying falsified information in connection with wage withholding.

Unreported Income Program

IRS unreported income programs have resulted in the identification of more than 24,000 returns. Examination results reflect a noncompliance rate of 83 percent. The newest and most significant programs in this area are district information-gathering projects on unreported income, of which there are more than 235 projects nationwide. There also are 16 regional projects and one national project.

Additionally, the IRS is working to develop the capability to identify potential unreported income on filed returns through its discriminant function (DIF) scoring system and will begin testing several DIF unreported income formulas in 1982.

Fraud Program

During 1980, and continuing in 1981, the IRS revised program emphasis, procedures and training to increase the number and quality of fraud referrals. This resulted in a 12-percent increase in the number of examination division referrals for each 1,000 returns examined for the 12-month period ending June 30, 1981.

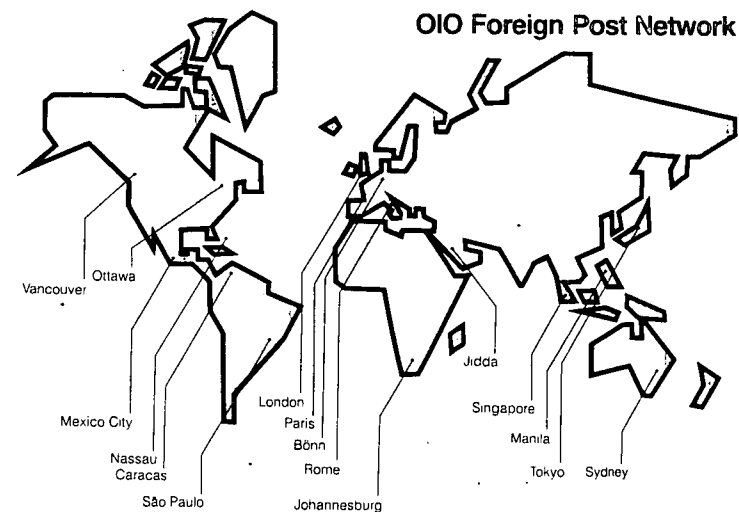
The number of recommendations for assertion of the civil fraud penalty, which is equal to 50 percent of the underpayment of tax, increased by 21 percent for the year ending June 30, 1981.

International Enforcement

Examinations of business operations outside the U.S.—the majority involving multinational corporations—are handled by approximately 235 international examiners located in 13 key districts.

In 1981 international examiners specially trained in the complex international provisions of the *Internal Revenue Code*, tax treaties and foreign tax statutes participated in the examination of 2,900 returns, and their recommended adjustments and penalties reached a record high of \$2.8 billion, up 56 percent from 1980.

With the cooperation of the aluminum industry the IRS in 1981 developed guidelines and price indexing systems that will relieve the burden of repeated examinations of complex issues involving the allocation of taxable income from multinational operations. This innovative approach to income allocation problems should promote voluntary compliance and the prompt payment of taxes properly due the U.S. The IRS now is considering developing similar guidelines for other industries.



Joint Efforts with Treaty Partners

The IRS established its fifth simultaneous examination program in 1981 with the Kingdom of Norway. Programs exist with Canada, the United Kingdom, France and Germany.

In September 1981 IRS representatives met with tax administrators of European and Pacific Basin income tax treaty partners to discuss international technical and tax administration matters and improve cooperation.

International Operations

The office of international operations (OIO) has foreign posts located in 16 key cities around the world. These foreign posts are headed by revenue service representatives (RSRs), who manage the examination, collection and taxpayer service programs at the posts. In addition, they conduct specialized investigations in support of U.S. domestic examination and criminal cases. RSRs also serve as liaisons with foreign tax authorities in both treaty and nontreaty countries.

Compliance Overseas

In 1981 OIO examined over 18,500 returns and recommended additional tax and penalty assessments of nearly \$950 million.

Assisting Taxpayers Abroad

Approximately 113,000 taxpayers in 133 cities in 76 countries sought tax assistance and 1,563 taxpayers attended 68 tax seminars conducted by the IRS. Seven military tax workshops attracted 583 participants, who, in turn, helped armed services personnel prepare their own tax returns.

Appeals

The number of cases received in Appeals continued to increase—from 53,467 in 1980 to 58,505 in 1981. To minimize taxpayer inconvenience conferences were held at 36 Appeals offices, 60 suboffices and over 500 other locations.

Nondocketed workload increased two percent and there was a 38-percent increase in docketed cases. Small cases, those involving proposed deficiencies of less than \$2,500, continued to be a large part of Appeals work, accounting for over 52 percent of receipts in 1981. Disposals also increased from 49,971 cases in 1980 to 53,260 in 1981. In nondocketed cases 83 percent were closed by agreement, approximately the same as last year. In docketed cases 57 percent were agreed in Appeals, which is

four percent lower than for 1980, due to an increase in the number of tax shelter and illegal tax protester cases moving through the system. The combined agreement rate for Appeals and district counsel, including those cases dismissed by the Tax Court, was 89 percent.

Ending inventory in Appeals increased from 36,047 cases in 1980 to 39,254 at the end of 1981, 40 percent of which were small cases. The proposed tax liability increased from \$8.7 billion to \$11.6 billion. Cases with proposed deficiencies exceeding \$1 million represented 87 percent of dollars in inventory even though they comprised only three percent of total cases.

A taxpayer whose request for abatement of certain penalty assessments is denied by a service center or district office may request an appeals conference. During 1981 Appeals disposed of 7,554 penalty appeals, compared to 8,338 penalty appeals cases considered in 1980. Penalties of \$23 million were protested, and of this amount, \$14 million were abated by Appeals.

Appeals, in cooperation with the Office of Chief Counsel, is putting its inventory on computers to establish better control, particularly over related cases in widely separated offices. Computerization also will produce reports that permit timely evaluation of Appeals operations and reduce clerical staffing.

Criminal Investigation

A total of 5,838 investigations were initiated in the general and special enforcement programs of the criminal investigation division (CID) in 1981. The general enforcement program identifies income tax evasion cases with prosecution potential. This program also provides for balanced criminal tax enforcement and geographical and occupational coverage of various types of alleged violations of the tax laws. During the year priority enforcement efforts included investigating individuals who filed multiple claims for tax refunds, illegal tax protesters and promoters of fraudulent tax shelters.

The special enforcement program identifies and investigates those individuals who derive substantial income from illegal activities and violate the tax laws. This program also includes the federal strike force program against organized crime, the high-level drug leaders project, waging tax enforcement and other efforts against racketeers.

In Florida a cash-flow project is concentrating on criminal investigations of money launderers and corrupt bank officials who violate currency laws by using financial institutions to deposit proceeds from narcotics trafficking.

Prosecutions were recommended in 1,978 investigations out of the 5,481 completed. Grand juries indicted or U.S. attorneys filed informations on 1,785 taxpayers. Prosecution was successfully completed in 1,494 cases.

Taxpayers entered guilty pleas in 1,152 cases, 60 pleaded *nolo contendere* and 282 were convicted after trial. Acquittals and dismissals totaled 81 and 142, respectively. Of the 1,615 taxpayers sentenced during the year, 802, or 49.7 percent, received jail sentences.

Of these totals, the special enforcement program accounted for 1,478 completed investigations, 696 prosecution recommendations and 323 convictions or pleas of guilty to tax charges.

Results of Criminal Action in Tax Fraud Cases

Action	Number of Defendants	
	1980	1981
Plea of guilty or <i>nolo contendere</i>	1,337	1,212
Convicted after trial	264	282
Acquitted	80	81
Not-processed or dismissed	193	142
Total Disposals	1,874	1,717
Indictments & informations	1,832	1,785
Percentage of jail sentences to total sentenced	46.5	49.7

Cooperation With Other Agencies

The IRS participates in the federal strike force program against organized crime. Investigations in the 15 strike forces, located in 25 cities, are coordinated by attorneys from the Department of Justice. CID also participates in financial investigative task forces established by U.S. attorneys to coordinate the various federal law enforcement agencies' efforts against major narcotics organizations. Additionally, IRS special agents are detailed to the Drug Enforcement Administration (DEA) to identify narcotics traffickers subject to the internal revenue laws.

The IRS also provided training in financial investigative techniques to investigators for the DEA, the U.S. Air Force Office of Special Investigations, the U.S. Naval Intelligence Service and other federal, state and local law enforcement agencies.

Narcotics Traffickers

Since 1980 the IRS has more than doubled the number of staff years involved in investigations of high-level drug traffickers, financiers and money launderers in its special enforcement program. As of Sept. 30, 1981, the inventory of high-level drug trafficker cases included 399 grand jury investigations, most of which are being conducted jointly with other federal agencies. There are 838 high-level drug traffickers under investigation and another 131 undergoing IRS and Department of Justice review before indictment. In 1981, 110 indictments or informations were returned on high-level drug traffickers. There were 50 convictions and 39 received jail sentences, with 74 percent averaging four years.

Illegal Tax Protesters

Illegal forms of tax protest have been a growing concern to the IRS with illegal tax protesters using a variety of schemes to evade payment of taxes. Beginning in early 1979 the IRS established a comprehensive program to identify illegal tax protester schemes and to take appropriate action through examination, criminal investigation and collection programs to assure compliance with the tax laws.

As of June 30, 1981, 13,600 illegal tax protester returns were under examination. During 1981, 429 criminal investigations were begun on illegal tax protesters, 168 indictments or informations were returned, 120 were convicted and 141 were sentenced, with 60 percent receiving jail sentences.

Collection

During 1981 the IRS disposed of 2.2 million delinquent accounts and collected \$5.9 billion in overdue taxes. Of that sum, \$2.2 billion were collected in response to computer notices sent to taxpayers and \$3.4 billion were collected on delinquent accounts. Overdue taxes of \$285 million were collected when 1.5 million delinquent returns, involving \$1.8 billion in additional assessments, were secured.

The collection division concentrated its research and analysis efforts this year on methods of improving efficiency. In 1980 a group of IRS and Treasury officials conducted a study and recommended legislative and procedural changes for reducing the number of accounts receivable and increasing processing efficiency. Many of the recommendations were reviewed and adopted in 1981, such as improving the readability of forms and adopting certain successful debt collection techniques used by the private sector.

This also was the first full year that the collection quality review system operated nationwide. Besides identifying areas where the quality of work needs to be improved, the system eliminates certain review responsibilities of first-line managers allowing them to concentrate on more direct involvement with daily operations.

Results of Direct Enforcement on Delinquent Accounts and Returns

	1980	1981
Delinquent Taxes Collected¹		
From delinquent accounts	\$3,995.9	\$3,435.3
From notices	\$2,003.7	\$2,148.6
From delinquent returns secured	2	\$285.4

Delinquent Returns Secured²		
By collection division	1,362.4	1,518.7
By examination division	48.1	45.4

Additional Tax, Penalty and Interest Assessed on Delinquent Returns (Net of prepaid credits)¹		
By collection division	*\$1,278.0	\$1,803.1
By examination division	\$55.6	\$54.1

¹ millions

² Data not available.

³ thousands

* Data revised from previous annual report to exclude prepaid tax credits.

Service Center Collection

The service center collection branches handle computer delinquency notices, the first step in communication with taxpayers who have not filed or paid their taxes. Many district office procedures were reviewed to determine which actions might be performed more efficiently by the service centers. As a result the service center collection branches absorbed several steps in the initial processing of delinquent accounts and returns. Procedures such as associating taxpayer correspondence, screening cases to see that a final notice has been sent and verifying taxpayers' employment are now performed by the service centers allowing district offices to redirect resources to higher priority work.

District Collection

If taxpayers do not resolve delinquent accounts or delinquent return investigations in response to notices from the service centers, these cases are transferred to district offices. In 1981 district

collection functions served 740,103 notices of levy and 502,894 notices of federal tax lien and conducted 8,848 seizures.

Most delinquent accounts and delinquency investigations transferred to the districts are first worked by clerical and paraprofessional employees in the collection office function, which in 1981 closed over 57 percent of delinquent accounts and over 67 percent of delinquent return investigations.

More difficult delinquent accounts and return investigations that cannot be resolved in the collection office function are referred to the collection field function. In 1981 revenue officers in the field function closed 335,000 delinquent return investigations and 967,000 delinquent accounts.

During 1981 Collection emphasized improving existing telephone systems to deal more efficiently and responsively with delinquent taxpayers. Several projects also were undertaken to reduce the paperwork burden on taxpayers and on district collection operations.

The special procedures function advises district collection personnel on technical and legal issues and files claims in bankruptcy, probate and other types of insolvency cases. Recent changes in the bankruptcy laws and the coinciding increase in the number of bankruptcy petitions filed have had impact on the special procedures function. In 1979, the last year under the old bankruptcy laws, there were some 240,000 petitions filed. In 1980, under the new law, this figure climbed to over 421,000, and in 1981 there were over 500,000 petitions filed.

Accounts Receivable

The collection division began work this year on an automated telephone system that uses the latest computer technology to manage accounts. Paper documents will largely be eliminated and replaced by computerized information available through computer terminals. The system also will feature automatic dialing and should result in higher productivity, quicker resolution of accounts and increased revenue.

Delinquent Returns

Improvements were made to delinquent returns programs in 1981 with greater emphasis now placed on matching information documents and tax returns. Methods of identifying and contacting taxpayers who have failed to file income tax returns were improved, and nonfilers are now detected earlier. Notices also were revised to emphasize the need to file returns on time. Use of information from the states to resolve delinquencies also was improved.



Procedures to cope with windfall profit tax were implemented this year. Additionally, returns compliance programs concentrated on identifying delinquencies in unemployment and highway-use taxes and on the compliance problems of workers in the construction industry and self-employed taxpayers.

Information Returns Program

The IRS received 645 million information documents in its tax year 1980 information returns program including over 184 million Forms W-2 received and processed by the Social Security Administration and 64 million pre-1974 Series E savings bonds from the Bureau of Public Debt. More than 397 million information returns received from businesses and organizations reporting interest, dividends and other payments also were involved.

Over 336 million of the information documents were submitted on magnetic media. The IRS will continue to match most information returns submitted on magnetic media to verify that correct amounts are reported on taxpayers' returns. Of the information returns submitted this year on paper approximately 26 percent will be matched, and 84 percent of the combined magnetic media and paper receipts will be matched.

In 1981 the IRS notified over 1.2 million taxpayers of potential discrepancies between income reported on their tax returns and income reported on information returns. Also, 1.6 million taxpayers were sent notices of apparent failure to file tax returns based on information returns.

This year the IRS began associating information returns with cases of taxpayers who filed income tax returns in previous years but failed to do so for the current year.

Information Returns Reported on Magnetic Media

Tax Year	Documents (thousands)	Reporting Entities
1967	36,492	1,048
1968	47,686	2,426
1969	58,951	2,963
1970	68,300	4,637
1971	91,449	8,504
1972	115,008	12,758
1973	144,533	13,128
1974*	185,554	21,862
1975*	216,839	32,486
1976*	248,106	35,013
1977*	275,423	39,980
1978*	269,936	38,417
1979*	303,978	43,840
1980*	336,672	33,956

*Data revised from previous annual report.

* Calendar year data. Data for 1973 and before cover the 6-month period January through June.

Note: For 1978 and subsequent years the volumes shown do not include Forms W-2 and W-2P processed by the Social Security Administration under the combined annual wage reporting system.

Employee Plans

During 1981 the IRS continued a taxpayer compliance measurement program (TCMP) for employee benefit plan returns to ensure compliance with the Employee Retirement Income Security Act of 1974 (ERISA). Data gathered during the TCMP examinations will be used for planning future examination programs, improving the selection of returns for examination and identifying needed changes to the Forms 5500 series of employee plan returns and instructions. Under the program approximately 18,000 Forms 5500 and 5500C returns with plan years beginning in 1978 were examined.

A detailed plan termination standards worksheet was developed this year to ensure the protection of the rights and benefits of plan participants in terminating plans. It will provide employee plans specialists with comprehensive guidelines to

identify terminating plan problems. A training course also was developed for employee plans specialists that covers the review of terminating plans.

A revenue procedure issued this year establishes optional application procedures for plan administrators to obtain determination letters on amendments to employee plans that already have received favorable determination letters. The revenue procedure provides for the use of a short form to apply for determination for amendments of plans thus facilitating the processing of the determination request by the IRS and requiring less time for completion by the applicant.

Revised Forms 5500C and 5500K and new short Form 5500R were mailed to filers in January of this year to begin triennial filing for plan years beginning in 1980. Forms 5500C and 5500K now are required to be filed only once every three years with the Form 5500R filed in the intervening years.

Through the coordinated compliance agreement with the Department of Labor (DOL) the IRS virtually eliminated duplication of examinations between the two agencies during 1981. For the first time cases involving fiduciary actions that violate the exclusive benefit rule were referred to DOL when the IRS concluded that a plan should be disqualified.

The review of employee benefit plans was begun in 1981 under a program established to bring plans into full compliance with ERISA. The program protects the benefits of plan participants by providing varying degrees of relief from sanctions for plans that agree to comply with ERISA and, where necessary, retroactively provide benefits to which plan participants would have been otherwise entitled if ERISA had been complied with in a timely manner.

A post-review program, which was started in 1980, has helped to ensure that all IRS employee plan key district offices uniformly apply the law and IRS procedures when issuing determination letters on qualification of plans. Under this program determination letters issued by key districts on the qualification of plans and the tax-exempt status of related trusts are subject to selection for post-review by the National Office. During the first year of operation, which ended June 30, 1981, 2097 cases were reviewed.

In 1981, 5 regulations and 51 revenue rulings and procedures were issued as well as 2,855 National Office opinion letters on master and prototype plans dealing with Keogh plans, corporate plans and individual retirement accounts and annuities. The IRS also has completed a review of pre-ERISA revenue rulings for modification, restatement, obsolescence or revocation.

The rulings resulting from that review are being made public.

Advance determination letters are issued by the IRS on the qualification of pension, profit-sharing and other employee benefit plans. During the year 132,370 determination letters were issued on corporate and self-employed plans. Also, 20,207 plans were examined to determine the qualification of plans in operation, to verify the employers' allowable deduction for contributions to plans and to assure that the rights and benefits of plan participants are protected.

Exempt Organizations

Twenty-seven states, the District of Columbia and the IRS agreed in 1981 to use a revised Form 990, Return of Organization Exempt from Income Tax, to enable exempt organizations to file the same form with both federal and state governments. The new form substantially reduces recordkeeping and financial reporting obligations for those organizations while providing greater accountability, more uniform information on charitable organizations and full disclosure of financial funding agreements.

The charitable trusts and solicitations subcommittee of the National Association of Attorneys General and the National Association of State Charity Officials have endorsed the use of the revised Form 990 to meet IRS and state reporting requirements. A Form 990 advisory committee, comprising IRS and state officials and representatives of those organizations that use or prepare the form, is being established to review future revisions.

The IRS continued exchanging enforcement information, as allowed by law, with state attorneys general on charitable trusts and other exempt organizations. Several state representatives also participated in IRS exempt organizations training sessions.

In 1980 the District Court for the District of Columbia in the case of *Green v. Regan* supplemented and modified a 1971 injunction prohibiting the IRS from recognizing racially discriminatory schools as tax exempt. Under the court order the IRS is prohibited from recognizing or continuing the tax-exempt status of private schools in the State of Mississippi that have been adjudicated discriminatory or have been formed or expanded at the time of public school desegregation and cannot demonstrate that they are not racially discriminatory.

Enforcement of the injunction continued during 1981. Each private school located in Mississippi and exempt from income tax was contacted to determine whether its admissions policies were

racially discriminatory under the standards set forth by the court. Action has been completed on all private schools that are not church-related. By its order of May 14, 1981, the court granted intervention to the Clarksdale Baptist Church in *Green v. Regan*. On July 13, 1981, the court suspended application of its 1980 order to church-related private schools pending resolution of the issues raised by the intervenor. The IRS therefore has suspended action on the church-related schools until the outcome of this litigation.

Congress prohibited the use of any funds during 1980 to carry out a proposed revenue procedure published on Aug. 22, 1978, or to adopt new procedures that would cause the loss of tax exempt status to a private school. A joint resolution extended the restriction to 1981.

Section 501(c)(9) regulations were adopted for the first time in 1981. Section 501(c)(9) of the *Internal Revenue Code* exempts from tax voluntary employee associations that provide their members with life, sick or accident insurance and similar benefits.

Two revenue rulings on environmental issues were published. The first holds that an organization whose principal activity consists of instituting litigation as a party plaintiff to enforce environmental legislation, if otherwise qualified, is operated exclusively for charitable purposes and is exempt from federal income tax under section 501(c)(3). The second ruling holds that organizations that mediate international environmental disputes also are exempt.

In another ruling the IRS held that publication of a newsletter containing congressional incumbents' voting records on selected issues does not constitute participation or intervention in any political campaign within the meaning of section 501(c)(3).

During 1981 the IRS exempt organizations activity issued or revised 52 revenue rulings and procedures, 291 technical advice memoranda, examined 20,102 exempt organization returns and participated in the issuance or revision of 10 regulations. In addition, the IRS acted on 53,938 applications, reapplications and requests for rulings from organizations.

Research and Operations Analysis

During 1981 the first editions of the IRS strategic plan and the research plan were developed. The unreported income research group continued its updating of the 1979 IRS report "Estimates of Income Unreported on Individual Income Tax Returns." Special emphasis is being placed on improving estimates of unreported income using a consumer expenditure survey approach and developing comprehensive estimates of unreported income for individuals engaged in illegal activities.

Major Research Projects

The IRS established a permanent research group this year to improve the information returns program. Several key studies in this area were completed in 1981 on reporting of income on information documents for tax years 1975 and 1976, reporting of gambling winnings, extending information reporting to bearer instruments and the feasibility of an information returns program for interest and dividends paid to corporations. Throughout 1981 the IRS continued studies to measure compliance in reporting nonemployee compensation on the new Form 1099-NEC.

The IRS contracted with an outside firm in 1979 to simplify the individual income tax forms. Prototype forms were developed and have been tested on volunteers using hypothetical tax situations. Some of these new forms will be tested in actual use as official tax return forms for tax year

1981. A comprehensive review of the format of information returns also was begun to study forms consolidation, simplification and other improvements that could reduce the filing burden of payers, provide correct, easy-to-understand information to payees and facilitate IRS matching of information reports against tax returns.

Research has continued on compliance with some of the approximately 90 *Internal Revenue Code* sections that allow taxpayers to defer certain tax consequences to future years. These studies include deferred gains on installment sales, recapture of certain deductions on housing projects insured by the Department of Housing and Urban Development and tracking of business losses in activities that may not be engaged in for profit.

The state income tax refund study, completed during 1981, uncovered a compliance problem that can be monitored by computers. In addition, computerized tracking systems have been set up to monitor the once-in-a-lifetime exclusion of gain from the sale of a principal residence and the maximum dollar limitations on residential energy credits.

Taxpayer Compliance Measurement

This year the IRS started taxpayer compliance measurement program (TCMP) examinations on a sample of corporation income tax returns filed in 1981. A survey of potential nonfilers of individual income tax returns also was started. TCMP results are used to plan enforcement programs, allocate IRS resources, improve tax forms and instructions and develop mathematical scoring formulas used by computers to select returns for examination. TCMP examinations continued this year on randomly selected employee plan Forms 5500 and 5500C, 1979 individual income tax returns and exempt organization Form 990 series. A TCMP program for partnership returns filed in 1982 is planned.

Workload Scoring Systems

Because it is essential that the mathematical scoring, or discriminant function (DIF), techniques remain at the "state of the art," two outside firms were engaged to research alternative mathematical/statistical methods of computer scoring and selecting cases to be examined. These contracts were completed in July 1981.

Revised DIF formulas based on data from a TCMP survey of corporate returns were developed this year for selecting these returns for audit. DIF-type formulas also were developed to enhance the efficiency and effectiveness of collection operations by identifying accounts receivable and nonfiler cases to be worked.

A study of the joint IRS/Social Security Administration combined annual wage reporting program, which reconciles Forms W-2 and various employment tax forms, resulted in development of a formula for selecting cases to be worked.

Productivity Management

The IRS continued to explore ways to increase output and reduce costs while maintaining or enhancing the quality of the work product. One major productivity improvement project undertaken in 1981 was a study of large-volume clerical processing and support operations in IRS district offices. This study brought IRS case processing experts together with industrial engineers from an outside consultant firm to analyze the document and data processing operations that occur before and after returns are audited or delinquent accounts collected. The study should result in recommendations for improved processing techniques that can be tested in 1982.

Through the IRS's productivity enhancement fund, financing was made available for 11 productivity improvement projects including pur-

chase of computer software needed to begin a computer-monitored incentive pay plan at the Philadelphia Service Center and the implementation of a microfiche system for Appeals records in the National Office.

Statistics

Statistics of income (SOI) publications issued in 1981 included individual income tax returns for 1978, sole proprietorship and partnership returns for 1977 and corporation income tax returns for 1976. A preliminary report for corporations for 1977 also was published. Preliminary data for individuals for 1979 and sole proprietorships and partnerships for 1978 were included in the July 1981 issue of the *SOI Bulletin*, the first in a new series of quarterly reports. The *SOI Bulletin* contains selected data formerly contained in the preliminary SOI reports, which have been discontinued. It also will be used for presenting key data in advance of, or instead of, the more detailed SOI reports.

This year the IRS published its first supplemental report presenting data by country for the foreign earned income and foreign tax credits of U.S. individuals. Another supplemental report provided information by industry and country on foreign subsidiaries of U.S. corporations.

SOI publications can be obtained from the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402.

Preliminary statistics for unincorporated businesses for 1979, along with complete 1977 and preliminary 1978 corporate data, were provided to the Treasury Office of Tax Analysis (OTA) and the congressional Joint Committee on Taxation for use in revenue estimating and analyzing existing and proposed tax legislation. The data also were provided to the Department of Commerce's Bureau of Economic Analysis for use in updating the national income and product accounts.

The IRS furnished statistics to OTA for congressionally mandated annual reports covering domestic international sales corporations, international boycott participation and taxation of domestic corporations on their operations in Puerto Rico and U.S. possessions. Data also were provided on the taxation of Americans working abroad and on income of nonresident aliens and the U.S. taxes withheld on that income.

Other data provided to OTA for special reports to Congress included statistics on the 1980 crude oil windfall profit tax, 1979 corporate jobs credit and 1977 and 1979 sales of capital assets by individuals. Work also was completed on a five-year survey of individual taxpayers for use in

OTA's analysis of capital gain or loss transaction patterns and on the initial results of collating estate tax returns for 1976 with income tax returns of decedents and beneficiaries.

Legislative Analysis

This year the IRS developed 22 implementation plans detailing responsibilities of various functions in administering new tax legislation including the Economic Recovery Tax Act of 1981.

Technical Activities

During the year the IRS acted on 32,030 requests for letter rulings and technical advice including 21,423 requests for changes in accounting methods and periods.

Letter rulings are written statements issued to taxpayers interpreting and applying tax law to specific sets of facts. Such rulings provide guidance concerning the tax effect of proposed transactions. Letter rulings are not precedents and may not be relied upon by taxpayers other than the recipient of the ruling.

Technical advice is issued by the National Office at the request of district offices to provide guidance on the proper application of the tax laws to specific facts in connection with audits of taxpayers' returns or claims for refund or credit.

The IRS also issued 395 revenue rulings and revenue procedures. Revenue rulings are interpretations of the tax laws published in the weekly *Internal Revenue Bulletin* to inform and guide taxpayers, practitioners and IRS personnel.

Revenue Rulings and Revenue Procedures Published

Type	Number
Administrative	19
Employment taxes	10
Estate and gift taxes	39
Excise taxes	25
Exempt organizations	52
Income taxes	177
Employee plans	69
Tax conventions	4
Total	395

Procedures Updated

During 1981 the IRS issued a revenue procedure that contained major changes and amplifications of the general procedures under section

Requests for Tax Rulings and Technical Advice (Closings)

Subject	Total	Taxpayers' Requests	Field Requests
Total	32,030	30,745	1,285
Administrative provisions	140	86	54
Changes in accounting methods	7,893	7,893	—
Changes in accounting periods	13,530	13,530	—
Earnings and profits determinations	1,328	1,328	—
Employment and self-employment taxes	1,169	528	641
Engineering questions	184	147	37
Estate and gift taxes	708	564	144
Excise taxes	121	62	59
Individual income tax matters	2,465	2,362	103
Corporation tax matters	4,492	4,245	247

1.446-1(e) of the Income Tax Regulations for taxpayers' requesting the Commissioner's consent to changes in methods of accounting. The revised procedures encourage changes to proper methods of accounting by shortening or eliminating the period of time over which adjustments to income will be permitted when the use of an improper method is found by the IRS during an examination. Two of the seven checklist revenue procedures for issuing letter rulings on *Internal Revenue Code* Subchapter C transactions—Corporate Distributions and Adjustments—also were updated in 1981. The remaining checklists will be revised in 1982 to reduce their complexity.

Internal Revenue Bulletin

During 1981 the weekly *Internal Revenue Bulletin* published 331 revenue rulings, 64 revenue procedures, 19 public laws relating to internal revenue matters, 20 congressional committee reports, 71 Treasury decisions containing new or amended regulations, 8 delegation orders, 2 Treasury Department Orders, 32 notices of suspensions and disbarment from practice before the IRS, 260 announcements of general interest and 8 court decisions.

This year the IRS began publication in the *Bulletin* of proposed regulations. *Bulletin* contents of a permanent nature are published semiannually in *Cumulative Bulletins*. Both are available through the Superintendent of Documents.

Continuing Professional Education

The National Office began an advanced training program in 1981 to broaden the education and

improve the skills of attorneys and tax law specialists in Technical and Chief Counsel. The New York University School of Law was selected to provide the training.

The curriculum for 1981 consisted of eight short courses in tax law along traditional law school lines with students being tested and graded.

Internal Audit

Additional revenue of \$526.6 million accrued to the IRS in 1981 through action on internal audit reports directly related to collection, enforcement of the tax laws and processing of returns. Since the beginning of the coordinated audit approach, which provides evaluation of IRS programs on a national or regional basis, these audits have yielded \$1.98 billion. Many corrective actions result in annual recurring savings, which have totaled \$1.5 billion since 1977. IRS management also is taking long-term actions to implement internal audit recommendations that will realize an additional \$498.6 million in revenue and cost savings, all of which will have recurring benefits.

In 1981, 51 coordinated internal audits were completed resulting in more efficient operations, more effective programs and procedures and stronger internal controls. A specialized group of internal auditors also was established to review the planning and management of the IRS coordinated examination program to assist management in ensuring quality examinations and the efficient use of resources.

Abstracts of Internal Audit findings were distributed monthly to IRS officials to alert them to areas that may need increased management at-

tention. Top management also received reports on the implementation and effectiveness of actions taken in response to General Accounting Office reviews of IRS activities.

Internal Security

The internal security division's investigations to protect the integrity of the IRS resulted in the arrest or indictment of 125 taxpayers and tax practitioners and 44 current or former IRS employees. There were convictions or guilty pleas in the cases of 131 individuals arrested or indicted in 1981 or earlier. Of these convictions, 26 were for bribery and 31 for assault while the rest involved conspiracy to defraud the government, embezzlement, impersonation of a federal officer, narcotics and other offenses.

An 18-month investigation of illegal trafficking in narcotics at an IRS service center resulted in the arrest of 18 individuals in a three-state area. Seventeen of those arrested, including four former employees and eight building guards, were convicted and sentenced to prison terms ranging up to one year.

A 31-month undercover investigation into organized crime's attempts to compromise the integrity of IRS operations led to the indictment of eight organized crime figures and their associates for bribery and related offenses. Playing "a corrupt employee," an IRS special agent made numerous contacts with underworld characters in schemes to "fix" criminal cases and other proceedings. Almost \$50,000 in bribe payments were made by the suspects.

Operating independently, two employees at the same IRS office embezzled several thousand dollars by issuing fictitious receipts for the taxes they collected. Both former employees are facing prosecution for embezzlement.

The division completed 4,721 background investigations of employees during the year and conducted police record checks on all persons considered for temporary appointments. These investigations and record searches resulted in the rejection of 127 job applicants and administrative actions against 439 employees. In addition, the division conducted 524 investigations involving alleged employee misconduct with 136 resulting in exoneration of the employees involved.

Assaults and threats against IRS employees decreased from 508 in 1980 to 455 in 1981.

Integrity Program

To deter waste, fraud and abuse Inspection completed 44 audits of areas particularly susceptible to integrity violations, such as activities where cash is handled and where control weak-

nesses increase the potential for integrity breaches.

As a result of nationally coordinated projects, controls were strengthened over the examination of employee tax returns, accounts reported currently not collectible and collection revenue representative activities. Audits of high-risk areas resulted in the strengthening of controls in collecting and depositing delinquent taxes, securing delinquent returns, controlling seized property and determining and assessing tax deficiencies.

Internal control seminars were conducted nationwide to increase employee recognition of integrity matters, to develop a better understanding of the role and responsibilities of Inspection and to increase management's awareness of its internal control responsibilities.

In addition, 21,000 employees were advised of potential corruption hazards through awareness presentations, internal control seminars and conferences with all levels of management.

Inspection conducted 533 integrity probes and tests of high-risk IRS activities.

Resources Management

Modernization was begun in 1981 of the IRS payroll/personnel system, which will include direct terminal input and the latest data-base management concepts.

Fiscal Management

During 1981 savings of about \$669,000 were reported and verified through a management-generated savings program that rewards managers who cut costs. This procedure allows managers to reapply half of the savings resulting from their cost-cutting initiatives to programs under their control that they determine to be most in need of additional resources. The balance is applied to Servicewide problems or is given up in the next year's budget. This program is part of Servicewide productivity efforts that altogether yielded savings over 1980 of 1,040 staff years valued at \$16.1 million—about 1.2 percent of 1980 staffing.

Personnel

Job elements and performance standards were developed for all IRS positions as required by the Civil Service Reform Act of 1978. All IRS managers and employees also were trained in the new performance appraisal procedures based on these elements and standards.

Recruitment

In addition to normal recruitment and staffing activities the IRS has adopted several programs to make employment opportunities available to many people who previously faced limited job opportunities or were excluded from the federal workforce. Goals for the employment of individuals on a part-time basis have been exceeded. Many of these part-time employees are individuals who have responsibilities that prevent them from working a full 40-hour week.

In addition, the IRS employs 2,600 severely handicapped employees and disabled veterans. As funding has permitted, special equipment has been purchased to assist handicapped employees in the performance of their duties.

The cooperative education and junior fellowship programs in 1981 provided work-study opportunities to 848 students, most of whom were majoring in business-related fields. Eighty-seven percent of the cooperative education students who have completed their programs with the IRS over the past several years have become permanent employees.



Labor Relations

Negotiations with the National Treasury Employees Union (NTEU) were concluded and resulted in two master labor agreements. The first agreement covers those bargaining unit employees in the service centers, the Data Center and the National Computer Center. The second agreement covers those bargaining unit employees in the National Office, regions and districts. In addition, separate negotiations with NTEU also resulted in agreements covering the implementation of the performance appraisal system under the Civil Service Reform Act of 1978 and the test of various flexitime plans in the IRS.

Awards and Recognition

Southeast Regional Commissioner Harold A. McGuffin was one of 25 federal executives to receive the Senior Executive Service (SES) Distinguished Rank Award from the President. Southwest Regional Commissioner James I. Owens, Midwest Regional Commissioner Roger L. Plate and Brookhaven Service Center Director Thomas J. Laycock received SES Meritorious Rank Awards from the director of the Office of Personnel Management.

This year 23 Commissioner's Awards and nearly 13,000 awards to employees for adopted suggestions, sustained superior performance and other special acts or services that saved about \$2.8 million were presented under the IRS incentive awards program.

Forty-nine Presidential Letters of Commendation were received by IRS employees recognizing their contributions to more efficient government operations. The Department of Treasury also recognized nine IRS employees for their accomplishments.

Centralized Services

The IRS is developing automated systems for word processing and microfiche employee plans and exempt organizations administrative case files and is testing automated equipment to improve the remittance deposit operation.

During 1981 the IRS continued its efforts to improve its district office centralized services function through effective use of resources, accurate and timely processing of remittances, improved efficiency in computer-terminal processing operations, adequate controls in teller-area operations and continued efforts to eliminate tax deficiencies barred by the statute of limitations.

A major study of the methods and procedures of centralized services by Arthur Young and Company began in May 1981.

Facilities Management

In 1980 the IRS began a major building program in support of the service center replacement system, which involves the replacement of almost all automatic data processing equipment in the 10 service centers. The designs for the first group of five service centers were completed in 1980 and construction started in 1981. The designs for the second group of five service centers are underway with construction to be started in 1982. This project is expected to be completed by May 1983 when the last of the new computer rooms at each of the 10 service centers will be finished.

Efforts to conserve energy are continuing in the service centers. All service centers are implementing the recommendations of the joint IRS/General Services Administration task force on energy conservation, which conducted surveys in all service centers from May 1979 to March 1980. For 1980 the total energy consumption for the service centers was 15 percent less than in 1975, which meant a cost savings of \$1.5 million for 1980.

During 1981 savings of \$667,000 in telecommunications costs were achieved through cost-reduction efforts in the federal telecommunications system and commercial long-distance calling volumes and telephone switchboard replacement projects.

Paperwork Management

The IRS continued its efforts to eliminate unnecessary internal management reporting canceling 46 reports in 1981 for annual savings of approximately \$382,000.

Disposing of some 225,000 cubic feet of records and retiring nearly 460,000 cubic feet to federal record centers resulted in the release of space and equipment valued at \$7.2 million.

New computer programs were developed in 1981 to presort large volume mailouts into ZIP-

code sequence so that lower cost third-class bulk-mail rates can be used. The system will accommodate both individual and business taxpayer mailings and will be programmed to include new carrier route information. The 1981 individual tax packages were the first mailing under the new system, which resulted in estimated postage savings of \$2.4 million.

Safety Statistics

The IRS had 4.4 disabling injuries per million staff hours worked in calendar year 1980, compared to a 4.5 rate the year before. IRS employees drove 121 million miles with an accident rate of 4.5 accidents per million miles driven. In 1979 employees also drove 121 million miles, but had a 5.2 accident rate.

Security

During 1981 the IRS issued new standards to assure protection and confidentiality for taxpayer information and reviewed safeguards used to protect taxpayer data stored and processed in IRS computer systems. Changes were made to the IRS tax data retrieval system to improve the automated protection from employee abuse or misuse. The IRS also began a risk analysis program to determine the least costly methods for prevention of loss, alteration or unauthorized disclosure of sensitive tax data.

Training

This year the IRS conducted over 500 training courses providing some 138,000 instances of job-related opportunities for individual training.

Revenue agents are now being trained in the system for controlling all tax shelter cases. A course on commodity shelters for agents and appeals officers enables them to recognize potential issues, gather the necessary verification and apply the law. A revised course for special agents uses job-oriented practical exercises, in-



terviewing and other skills that more quickly prepare them for duty.

A training program has been developed to help employees recognize and report possible violations of federal nontax criminal laws. Employees are trained to report promptly all indications of possible nontax crimes to their disclosure officers so they can determine whether or not the information may be disclosed under current law.

The "Training in the Mid-80s" study—which will attempt to reduce travel and per diem costs and improve the quality of instruction by placing a significant portion of training at the local offices through the use of self-instruction and computers—will be tested in the Southeast Region in the fall of 1982.

The IRS began a management practices course for first-line managers that replaces the existing basic management training. The new training uses behavioral modeling techniques to assist students and will reduce classroom training by three days resulting in annual travel and per diem savings of \$140,000 and annual participant time savings of 280 staff weeks.

Equal Employment Opportunity

From July 1980 to July 1981 full-time regular employment in the IRS decreased by nearly 4.5 percent. While there was some decrease in the numbers of women and minorities employed, the representation of women increased from 52.7 to 53.3 percent and minorities from 20 to 21 percent. At GS-13 and above representation of women went from 6.5 to 7.9 percent and of minorities from 7.0 to 7.8 percent.

The employment of women and minorities in key occupations also showed improvement during this same period even though total employment in these occupations declined. Revenue agents went from 14.9 to 16.2 percent for women and from 11.7 to 12.2 percent for minorities; criminal investigators from 6.7 to 7.8 percent for women and from 7.5 to 8.4 percent for minorities; and attorneys from 13.9 to 16.6 percent for women and from 6.1 to 7.4 percent for minorities.

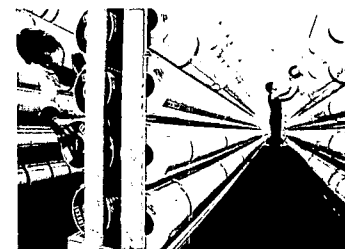
Data Services

The equipment replacement program continues on schedule in its second year. This program is a three-phase, long-range plan to replace obsolete computer equipment used in tax return processing.

The service center replacement system (SCRS) contract was awarded on June 12, 1981. This contract will provide a single computer system to replace the two systems in each of the 10 service centers and an additional system for pro-

gram development and testing. Conversion of the more than 1,000 programs began in March 1980 using a high-level computer language. This effort expanded significantly in 1981. Full implementation of SCRS is scheduled for January 1985.

The microfilm replacement system will automate the current research process and improve the privacy protection of taxpayer data. This phase will be implemented in all service centers by August 1983. The master file replacement system will modernize equipment at the National Computer Center. This replacement will not require an extensive program conversion and will be implemented by January 1983.



Another step in equipment modernization was taken this year when the IRS decided to accelerate the replacement of the service center direct data entry system and combine it with an automated error correction system.

National Computer Center

The completion of the addition and renovation project at the National Computer Center provides 150,000 more square feet. The project includes a system to capture the heat generated by the computer systems and use it throughout the building. In addition, a 3,150-kilowatt turbine generator will be used to support electrical needs for approximately 70,000 square feet including the 150,000-volume tape library.

As of July 1981 the number of taxpayer accounts on the individual master file had grown to 119.6 million—a two-percent increase over July 1980. The business master file was purged and the number of taxpayer accounts decreased two percent from 1980. It contains 22.4 million accounts including 911,898 exempt organization accounts. The employee plan and individual retirement account master files contain 1.4 million and 307,022 accounts respectively. For tax year 1980, 328 million information documents were processed by the information returns selection system.

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Table 1.—Internal revenue collections by sources and by internal revenue regions and districts, states and other areas
(In thousands of dollars)

Internal revenue regions and districts, states and other areas. ¹ (States represented by single districts indicated in parentheses; totals for other states shown at bottom of table.)	Total internal revenue collections	Corporation income tax ²	Individual income and employment taxes				Unemployment insurance ³
			Total	Income tax not withheld and SECA ^{4,5,6}	Income tax withheld and FICA ^{4,5,6}	Railroad Retirement	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
United States, total	606,799,103	73,733,156	485,735,962	82,884,499	396,495,012	2,710,994	3,645,456
North-Atlantic Region	105,619,508	17,168,285	83,840,846	11,335,946	71,532,827	83,883	661,478
Alabama	9,865,379	923,537	5,522,700	435,432	5,086,766	8,962	70,512
Augusta	1,522,546	160,582	1,317,942	262,226	1,055,716	11,712	15,202
Boston	15,388,341	2,020,433	12,969,459	1,828,303	10,921,152	17,688	101,547
Brooklyn	8,701,408	1,139,479	6,301,429	2,088,316	6,107,572	37,100	58,342
Buffalo	8,078,518	1,321,867	6,467,878	959,735	5,460,469	682	45,882
Burlington	660,397	58,736	589,734	134,103	445,534	2,131	7,967
Hartford	16,584,368	2,751,581	13,371,397	1,048,091	11,653,244	485	109,169
Manhattan	43,906,219	9,010,244	31,885,856	3,346,375	28,152,267	8,793	215,421
Portsmouth	1,697,378	146,391	1,490,885	297,535	1,191,735	77	11,517
Providence	5,193,854	849,734	3,953,757	595,817	3,357,940	1,043	24,619
Mid-Atlantic Region	80,402,858	7,840,120	66,640,847	9,860,624	55,347,130	861,712	571,281
Baltimore	15,782,800	732,988	14,265,245	1,812,556	12,151,566	257,570	63,554
Newark	20,207,124	2,724,569	16,313,890	2,838,505	13,164,353	143,822	166,030
Philadelphia	18,336,855	1,759,973	15,390,039	2,229,981	12,693,058	299,838	167,162
Pittsburgh	14,271,916	1,360,612	11,185,568	1,199,594	9,843,692	37,422	104,860
Richmond	8,752,278	849,734	7,862,890	1,559,600	6,145,244	121,782	58,294
Wilmington	2,051,585	421,244	1,583,114	219,389	1,349,057	1,178	13,490
Southeast Region	57,244,596	6,073,113	47,576,849	10,587,063	36,401,514	193,865	414,507
Atlanta	9,783,698	1,232,107	8,102,206	1,248,216	6,753,990	8,240	55,018
Birmingham	5,184,392	473,392	4,482,698	801,627	3,643,249	2,419	35,404
Columbia	9,918,487	388,599	3,447,061	584,909	2,829,095	1,457	31,680
Greensboro	10,727,863	1,352,018	7,792,018	1,315,311	6,405,252	575	72,800
Jackson	2,306,260	224,943	1,994,670	364,998	1,410,664	1,315	17,493
Jacksonville	18,879,857	1,569,733	16,411,015	4,905,123	11,204,533	183,617	117,742
Nashville	8,463,109	826,216	6,536,216	1,141,307	5,195,216	1,241	44,260
Central Region	81,554,700	9,250,237	65,935,587	8,278,221	57,189,020	91,584	396,651
Cincinnati	12,008,600	1,612,966	9,998,540	1,281,331	8,596,745	128	80,335
Cleveland	22,476,002	3,925,857	18,950,259	1,781,762	13,860,027	10,788	94,508
Detroit	26,653,834	2,017,020	23,812,577	2,288,983	21,163,967	37,627	122,000
Indianapolis	11,956,195	878,500	10,532,424	1,606,702	8,860,700	10,133	54,889
Louisville	6,332,250	634,812	4,908,618	829,618	3,795,618	32,785	30,805
Parkersburg	2,136,019	181,286	1,866,230	1,451,230	415,000	259	13,915
Midwest Region	89,951,744	10,801,309	74,598,798	11,239,440	61,789,478	999,603	670,277
Abcdeen	9,571,419	1,232,107	7,725,668	1,248,216	6,277,236	8,240	55,018
Chicago	35,180,802	4,458,346	28,905,990	3,458,304	24,843,752	337,973	265,992
Des Moines	4,916,224	631,200	4,105,422	1,230,460	2,847,293	1,511	26,158
Fargo	1,207,966	184,224	959,685	160,338	630,338	567	5,687
Milwaukee	10,833,278	1,342,203	8,649,302	1,285,083	7,300,897	2,290	61,031
Omaha	3,794,682	447,433	3,199,409	627,005	2,380,581	172,127	18,717
St. Louis	14,398,944	1,683,126	12,047,084	1,649,386	9,457,694	161,206	79,999
St. Paul	12,941,513	1,552,988	11,008,542	1,272,083	9,350,866	318,123	67,570
Springfield	6,026,916	729,747	5,005,566	1,176,067	3,784,048	6,357	39,117
Southeast Region	88,972,506	11,779,734	62,579,990	13,684,819	48,298,292	278,549	415,030
Albuquerque	4,964,569	119,233	4,478,156	350,679	3,957,456	45	10,646
Austin	27,322,031	3,811,328	17,894,296	3,749,211	13,939,088	28,522	117,495
Cheyenne	1,151,465	75,112	775,408	253,512	519,897	3	4,996
Dallas	21,078,566	3,915,358	13,857,923	3,539,466	10,193,024	22,074	103,359
Denver	9,478,452	480,974	8,480,696	1,180,531	7,223,413	36,752	40,000
Little Rock	2,642,790	291,955	2,169,139	597,686	1,580,806	17,911	18,911
New Orleans	8,433,349	1,125,873	6,518,273	1,526,785	5,240,192	2,087	49,209
Oklahoma City	11,453,547	1,564,774	6,708,939	1,377,145	5,299,530	280	41,983
Wichita	5,716,738	595,126	4,456,850	1,119,894	3,120,805	188,010	26,431
Western Region	96,033,656	10,086,406	79,529,739	15,141,216	63,640,942	187,890	560,992
Anchorage	1,110,714	50,024	1,042,296	167,951	873,766	-	5,580
Boise	1,710,784	161,956	1,522,788	261,319	1,248,105	1,154	12,211
Helena	1,065,294	75,509	929,564	279,153	643,257	521	6,633
Honolulu	1,826,363	182,667	1,606,039	307,899	1,298,388	-	11,751
Los Angeles	36,721,045	4,892,340	30,713,306	5,894,185	24,577,488	2,309	239,344
Phoenix	4,194,456	284,846	3,860,815	864,037	2,996,481	536	30,781
Portland	5,321,144	321,237	4,881,129	875,883	3,970,794	3,456	30,995
Reno	1,995,949	240,774	1,708,047	418,113	1,277,858	2	14,074
Salt Lake City	2,163,774	219,829	1,871,738	314,006	1,558,772	2,153	16,606
San Francisco	28,428,070	2,899,483	22,881,707	4,176,928	18,390,453	177,050	137,276
Seattle	9,495,254	677,530	8,507,311	1,583,742	6,867,492	709	55,261
Office of International Operations	4,787,894	161,748	4,395,440	573,271	3,795,718	6,300	28,888
Puerto Rico	852,561	20,415	592,191	34,842	529,251	-	27,897
Other	1,915,333	141,333	1,744,050	538,329	1,197,530	6,300	1,890
Undistributed:							
Federal tax deposits ⁸	-403,238	5,904	-384,552	-	-384,552	688	-648
Gasoline, lubricating oil and excess FICA credits ⁹	660,572	59,594	600,978	600,978	-	-	-
Transferred to Government of Guam ¹⁰	13,351	-	13,351	-	13,351	-	-
Withheld taxes of federal employees	-56,720	-	-56,720	-	-56,720	-	-
Cleaning account for excise taxes—aviation fuel and oil—Air Force and Navy	-41	-	-	-	-	-	-
Presidential election campaign fund ¹¹	40,957	-	40,957	-	40,957	-	-
Earned income credits ¹²	13,878	-	13,878	-	13,878	-	-
Other ¹³	3,983,052	436,680	2,469,244	1,622,918	820,024	-	26,301
Totals for states not shown above							
(a) California	67,149,915	7,891,833	53,505,013	10,071,113	42,967,921	179,359	376,620
(b) Illinois	41,207,718	5,076,093	33,911,576	6,324,370	28,237,797	344,330	305,079
(c) New York	67,572,524	11,795,127	52,177,763	6,839,854	44,890,094	56,547	391,258
(d) Ohio	34,484,633	3,536,799	25,905,799	3,063,093	22,556,947	10,788	174,843
(e) Pennsylvania	32,608,771	3,120,665	26,575,607	3,425,575	22,536,751	337,250	272,022
(f) Texas	48,400,597	7,526,687	31,692,219	7,266,677	24,122,092	50,596	220,854

Table 1.—Continued
(In thousands of dollars)

Internal revenue regions and districts, states and other areas. (States represented by single districts indicated in parentheses; totals for other states shown at bottom of table.)	Estate tax	Gift tax	Excise taxes total (sum of columns 23, 27, 34, 38 and 50)	Total (sum of columns 11, 12 and 19)	Alcohol taxes			
					Distilled spirits taxes			
					Total ¹⁴	Imported (Collected by Customs)	Domestic ¹⁵	Occupational ¹⁶
	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
United States, total	6,694,641	215,745	40,419,598	5,689,413	3,837,640	558,225	3,260,614	18,759
North-Atlantic Region	1,087,359	31,770	3,510,947	547,195	345,561	159,534	183,748	2,377
Alabama	51,298	572	11,813	370	209	-	-	209
Augusta	23,605	413	20,005	3,889	3,871	-	-	127
Boston	154,661	2,785	241,002	136,060	118,250	58,021	59,807	427
Brooklyn	209,920	2,804	47,876	16,488	13,870	-	13,554	316
Buffalo	91,256	1,291	196,226	130,803	399	-	-	399
Burlington	7,454	222	4,251	78	78	-	-	78
Hartford	132,232	8,727	320,352	102,200	102,171	-	101,838	333
Hartford	379,803	14,417	2,615,886	120,879	101,843	101,512	-	327
Manhattan	18,070	203	41,829	30,961	4,881	-	4,805	76
Portsmouth	22,903	334	11,694	5,466	90	-	-	90
Providence	661,875	24,175	5,235,641	869,712	653,019	42,430	608,477	2,081
Rhode Island	131,851	4,387	628,329	263,347	241,036	42,430	195,250	345
Baltimore	167,853	2,081	307,701	345,873	293,660	-	280,987	673
Newark	150,732	5,231	1,030,881	116,940	69,829	-	69,357	446
Philadelphia	80,565	1,684	1,643,487	74,272	57,031	-	56,608	293
Pittsburgh	108,061	8,752	911,841	69,227	3,412	-	3,174	238
Richmond	22,783	1,140	23,302	53	52	-	-	47
Wilmington	775,713	28,210	2,790,612	466,156	164,447	48,769	113,141	2,377
Atlanta	1,298	1,567	346,523	16,526	16,065	-	16,065	116
Birmingham	575,125	13,344	173,543	2,457	1,987	-	3	215
Columbia	42,907	928	39,992	781	287	-	-	1
Greensboro	89,331	1,425	1,477,094	99,654	377	-	376	111
Jackson	32,162	1,209	53,275	191	114	-	-	3
Jacksonville	386,894	20,455	491,580	146,630	48,898	46,782	1,104	1,011
Nashville	79,695	1,294	208,622	119,927	96,961	-	95,965	116
Central Region	533,566	23,004	5,712,281	1,845,281	1,485,296	154,864	1,327,744	2,687
Cincinnati	115,061	2,661	319,372	201,330	143,203	-	142,767	435
Cleveland	143,112	3,899	2,555,876	50,195	40,181	19,430	20,078	673
Detroit	156,348	5,789	861,900	332,685	265,599	135,434	129,267	898
Indianapolis	124,452	7,085	413,754	235,419	222,737	-	222,309	428
Louisville	63,135	3,049	1,524,876	618,102	606,652	-	606,514	137
Pittsburgh	31,458	540	36,503	7,550	6,924	-	6,808	115
Midwest Region	1,141,732	28,506	3,281,400	711,180	348,891	44,155	299,750	2,985
Aberdeen	12,535	126	12,666	95	65	-	-	65
Chicago	324,741	6,386	1,717,339	161,130	157,306	29,333	127,247	725
Des Moines	115,658	2,261	61,583	2,057	1,659	-	1,467	187
Fargo	172,195	22,372	2,337,372	176,668	7,668	3,656	3,381	831
Milwaukee	308,323	4,113	320,337	176,668	147	-	147	147
Omaha	54,193	1,960	91,687	4,386	1,477	-	1,477	147
St. Louis	88,652	5,766	505,941	192,227	7,868	63,774	12,927	431
St. Paul	78,638	4,700	298,544	66,305	29,609	3,473	25,886	240
Springfield	108,796	1,857	180,930	108,489	78,272	-	77,886	286
Southwest Region	903,800	44,709	13,664,773	334,721	73,038	37,563	32,840	2,829
Albuquerque	22,492	102	74,485	2,082	2,079	-	2,008	71
Austin	285,904	16,559	5,571,944	86,203	27,700	25,219	1,618	863
Cheyenne	9,883	1,236	285,825	7,419	42	-	42	42
Dallas	240,517	12,914	3,051,855	85,973	560	-	555	5
Denver	42,811	2,831	472,039	11,522	240	-	240	65
Little Rock	31,576	840	148,280	1,311	964	-	964	879
New Orleans	84,315	3,757	401,132	43,629	40,716	12,344	28,050	3,725
Oklahoma City	90,759	2,918	3,086,157	233	116	-	116	116
Wichita	95,344	1,362	568,056	717	621	-	621	335
Western Region	1,249,628	35,298	5,133,587	884,963	540,713	70,910	466,335	3,469
Anchorage	2,097	15	11,282	59	56	13	-	43
Boise	14,262	443	11,345	96	73	-	73	73
Helena	15,096	826	44,299	5,115	4,716	1,843	2,747	126
Honolulu	23,916	787	12,954	246	186	3	93	90
Los Angeles	561,954	13,751	2,438,694	254,812	156,180	33,978	121,770	1,034
Phoenix	44,096	1,924	22,675	5,281	2,320	-	2,320	277
Portland	45,185	646	72,947	30,026	20,976	1,348	25,388	242
Reno	30,058	1,857	15,213	85	83	-	83	83
Salt Lake City	9,749	119	61,169	44	44	-	44	24
San Francisco	428,739	10,778	2,208,154	515,028	334,574	24,508	309,010	1,056
Seattle	74,475	3,084	232,854	73,064	15,085	6,900	7,765	421
San Francisco	17,133	73	232,854	228,575	228,574	-	228,574	-
Office of International Operations	257	8	239,689	228,572	228,572	-	228,572	-
Puerto Rico	16,875	65	13,010	2	2	-	-	2
Other	-	-	-	-	-	-	-	-
Undistributed:	-	-	-24,590	-	-	-	-	-
Federal tax deposits ¹	-	-	-	-	-	-	-	-
Gasoline, lubricating oil and excess FICA credits ¹⁶	-	-	-	-	-	-	-	-
Transferred to Government of Guam	-	-	-	-	-	-	-	-
Withheld taxes of federal employees	-	-	-	-	-	-	-	-
Cleaning account for excess taxes—aviation fuel and oil—Air Force and Navy	-	-	-	-	-	-	-	-
Presidential election campaign fund ¹⁷	-	-	-	-	-	-	-	-
Earned income credits ¹⁸	-	-	-	-	-	-	-	-
Other ¹⁹	-	-	-	-	-	-	-	-
Totals for states not shown above	243,837	-	863,291	-	-	-	-	-
(a) California	990,893	24,529	4,847,848	769,840	490,754	36,484	430,180	2,080
(b) Illinois	313,533	6,243	1,898,268	295,578	28,333	205,233	1,011	1,011
(c) New York	709,536	19,085	2,872,014	288,540	116,321	101,512	13,554	1,252
(d) Ohio	258,173	6,561	2,875,248	251,525	183,384	18,430	162,646	1,108
(e) Pennsylvania	231,287	5,915	2,674,368	191,212	126,859	-	126,859	779
(f) Texas	525,420	31,473	8,623,799	172,177	28,260	25,219	1,623	1,418

Table 1.—Continued
(In thousands of dollars)

Internal revenue regions and districts, states and other areas. (States represented by single districts indicated in parentheses; totals for other states shown at bottom of table.)	Alcohol taxes—Continued				Beer taxes			
	Wine taxes				Occupational taxes ¹⁶			
	Total ¹⁴	Imported (Collected by Customs)	Domestic ¹⁵	Total	Imported (Collected by Customs)	Domestic ¹⁵	Occupational taxes ¹⁶	
	(16)	(17)	(18)	(19)	(20)	(21)	(22)	
United States, total	244,445	41,093	203,334	1,606,328	42,882	1,561,325	2,321	
North-Atlantic Region	38,356	13,709	24,647	163,178	22,839	140,038	301	
Albany	-	-	-	123	-	-	-	123
Augusta	-	-	-	7	-	-	-	7
Boston	3,299	3,278	-	14,512	14,507	-	-	16
Brooklyn	2,537	-	2,537	82	-	-	-	82
Buffalo	21,739	-	21,738	108,660	-	108,598	-	68
Burlington	-	-	-	2	-	-	-	27
Hartford	-	-	-	2	-	-	-	53
Manhattan	-	-	-	27	-	-	-	27
Portsmouth	-	-	-	8,385	8,332	-	-	53
Providence	-	-	-	26,076	-	26,068	-	8
Rhode Island	-	-	-	5,374	-	5,372	-	2
Mid-Atlantic Region	11,874	4,895	6,979	204,818	3,011	201,538	270	
Baltimore	5,568	4,895	773	16,543	3,011	13,610	23	
Newark	-	-	-	63,694	-	63,366	-	28
Philadelphia	-	-	-	1,924	-	45,187	-	83
Pittsburgh	-	-	-	2,529	-	14,640	-	72
Richmond	-	-	-	1,534	-	64,217	-	64
Wilmington	-	-	-	2	-	-	-	2
Southeast Region	10,674	6,914	291,035	2,939	287,636	66	66	
Atlanta	-	-	-	70,250	-	78,193	-	59
Birmingham	-	-	-	144	-	-	-	144
Columbia	-	-	-	485	-	99,391	-	72
Greensboro	-	-	-	14	-	-	-	14
Jackson	-	-	-	3	-	-	-	3
Jacksonville	-	-	-	5,513	2,850	85,295	-	89
Nashville	-	-	-	377	-	22,756	-	174
Central Region	5,468	3,896	1,572	154,517	3,096	151,246	20	
Cincinnati	-	-	-	430	-	57,677	-	20
Cleveland	-	-	-	2,222	7,792	7,757	-	19
Detroit	-	-	-	2,805	3,080	61,187	-	12
Indianapolis	-	-	-	9	-	12,649	-	24
Louisville	-	-	-	11,849	-	11,396	-	45
Pittsburgh	-	-	-	626	-	581	-	408
Midwest Region	7,836	4,597	3,439	357,082	545	356,130	20	
Aberdeen	-	-	-	322	-	301	-	20
Chicago	-	-	-	38	-	309	-	51
Des Moines	-	-	-	87	-	6	-	87
Fargo	-	-	-	152	-	167,241	-	101
Milwaukee	-	-	-	429	-	4,218	-	22
Omaha	-	-	-	531	-	118,070	-	88
St. Louis	-	-	-	3,156	2,392	36,108	-	80
St. Paul	-	-	-	389	1	30,178	-	17
Springfield	-	-	-	1	-	30,178	-	2
Southwest Region	3,780	3,451	337	257,893	3,080	254,268	546	
Albuquerque	-	-	-	1	-	-	-	1
Austin	-	-	-	2,395	2,391	53,563	-	173
Cheyenne	-	-	-	2	-	7	-	7
Dallas	-	-	-	2	-	85,359	-	52
Denver	-	-	-	3	-	114,254	-	24

Internal revenue regions and districts, states and other areas. (States represented by single districts indicated in parentheses; totals for other states shown at bottom of table.)					Tobacco taxes			
	Total	Cigarette ¹¹	Cigare ¹²	Other ¹³				
	(23)	(24)	(25)	(26)				
United States, total	2,533,857	2,538,874	40,742	4,441				
North-Atlantic Region	2,441	454	390	1,597				
Albany	93	-	91	2				
Augusta	(Maine)	-	-	-				
Boston	(Massachusetts)	-	-	445				
Brooklyn	(See (c) below)	24	1	-				
Buffalo	(See (c) below)	-	-	-				
Burlington	(Vermont)	-	-	-				
Hartford	(Connecticut)	280	-	280				
Manhattan	(See (c) below)	-	-	-				
Portsmouth	(New Hampshire)	1,597	450	18				1,149
Providence	(Rhode Island)	-	-	-				
Mid-Atlantic Region	766,096	751,297	13,823	945				
Baltimore	(Maryland & D.C.)	657	-	-				
Newark	(New Jersey)	277	-	657				
Philadelphia	(See (c) below)	13,456	-	18				
Pittsburgh	(See (a) below)	342	-	342				
Richmond	(Virginia)	751,334	751,297	8				30
Wilmington	(Delaware)	-	-	-				
Southeast Region	1,408,833	1,390,692	17,010	1,230				
Atlanta	(Georgia)	136,127	-	3,750				
Birmingham	(Alabama)	3,995	-	3,995				
Columbia	(South Carolina)	7	-	-				
Greensboro	(North Carolina)	1,245,341	1,244,309	634				398
Jackson	(Mississippi)	-	-	-				
Jacksonville	(Florida)	22,868	14,000	8,578				290
Nashville	(Tennessee)	595	-	53				542
Central Region	397,591	396,186	1,401	2				
Cincinnati	(See (d) below)	-	-	-				
Cleveland	(See (d) below)	428	-	426				2
Detroit	(Michigan)	1	-	1				
Indianapolis	(Indiana)	5,234	4,852	381				
Louisville	(Kentucky)	391,753	391,334	418				
Parkersburg	(West Virginia)	175	-	175				
Midwest Region	269	-	8	263				
Aberdeen	(South Dakota)	-	-	-				
Chicago	(See (b) below)	262	-	-				262
Des Moines	(Iowa)	-	-	-				
Fargo	(North Dakota)	-	-	-				
Minneapolis	(Minnesota)	6	-	6				
Omaha	(Nebraska)	-	-	-				
St. Louis	(Missouri)	-	-	-				
St. Paul	(Minnesota)	-	-	-				
Springfield	(See (b) below)	-	-	-				
Southwest Region	315	7	218	93				
Albuquerque	(New Mexico)	-	-	-				
Austin	(See (f) below)	289	7	216				67
Cheyenne	(Wyoming)	-	-	-				
Dallas	(See (f) below)	-	-	-				
Denver	(Colorado)	-	-	-				
Little Rock	(Arkansas)	26	-	-				26
New Orleans	(Louisiana)	-	-	-				
Oklahoma City	(Oklahoma)	-	-	-				
Wichita	(Kansas)	-	-	-				
Western Region	354	2	40	312				
Anchorage	(Alaska)	1	-	-				
Boise	(Idaho)	-	-	-				
Helena	(Montana)	6	-	6				
Honolulu	(Hawaii)	2	-	2				
Los Angeles	(See (a) below)	316	1	39				276
Phoenix	(Arizona)	8	-	-				
Portland	(Oregon)	-	-	-				
Reno	(Nevada)	-	-	-				
Salt Lake City	(Utah)	-	-	-				
San Francisco	(See (a) below)	20	-	1				18
Seattle	(Washington)	2	-	-				
Office of International Operations	7,888	33	7,856	-				

Internal revenue regions and districts, states and other areas. States represented by single districts indicated in parentheses; totals for other states shown at bottom of table.	Manufacturers excise taxes					Tires (wholly or in part of rubber) inner tubes and tread rubber		Motor vehicle chassis, parts and accessories		Black lung	Recreational excise taxes	Special fuels taxes		
	Total ¹⁴	Gasoline	Lubricating oil, etc.									Total ¹⁴	Non-commercial aviation fuel	gasoline
	(27)	(28)	(29)	(30)	(31)	(32)	(33)	(34)	(35)					
United States, total	6,089,000	4,007,956	100,760	668,902	913,724	237,067	158,054	96,572	3,917	587,486	2,917			
North-Atlantic Region	788,789	490,941	10,616	185,394	94,362	9,552	68,572	1,771	34,982	3,917				
Albany	6,940	4,070	1	1,771	89		1,771	89						
Alaska	10,514	9,770		537	153		53	1,955						
Boston	55,254	40,893	471	319	1,550	248	11,764	5,390						
Brooklyn	15,641	15,641	1,089	1,952	719		2,232	719						
Buffalo	22,268	24,659	97	42,549	3,202		1,760	8,101						
Burlington	7,286	2,083		61	8		133	672						
Hartford	19,157	19,157	1,037	7,611	54,292	3,691	9,689	2,604						
Manhattan	5,078	2,851	8,821	66,125	77,429	323	10,852	8,765						
Newport	45,672	26,765	1	129	174		2,021	1,439						
Pennsylvania	4,485	1,485	10	2,227	144	209	1,091	5						
Puerto Rico	442,404	433,622	21,353	90,640	109,399	76,620	10,682	63,585						
Baltimore	90,615	35,969	538	51,258	741	2,404	276	8,366						
New Jersey	78,387	4,983	6,988	9,188	1,368	3,768	8,558	8,558						
Philadelphia	241,611	114,244	4,972	25,235	85,682	9,580	1,873	13,278						
Pittsburgh	262,703	216,850	9,732	4,147	65,695	45,222	64	22,255						
Richmond	45,812	20,337	22	1,520	19,136	1,068	1,068	1,068						
Washington	2,876	2,670	1	14	112	26	51	1,146						
Southeast Region	261,185	183,628	998	19,509	35,804	14,959	6,235	93,470	776					
Atlanta	41,448	31,081	143	8,345	18,456	181	43	15,582						
Birmingham	37,291	29,005	26	1,970	8,538	6,194	167	8,796						
Columbia	36,269	22,544	3	12,245	563		1,887	4,496						
Greensboro	71,307	62,213	94	1,797	6,893	79	187	14,778						
Jackson	4,012	2,422	14	240	1,192		90	13,285						
Jacksonville	31,064	22,201	377	1,381	3,487	22	3,621	15,708						
Nashville	38,197	23,267	340	550	5,307	8,484	239	20,846						
Central Region	1,134,214	457,098	7,814	350,351	246,833	67,089	4,008	78,283	518					
Cincinnati	32,998	18,181	50	4,077	3,710	6,901	79	7,381						
Cleveland	581,047	204,443	3,876	398,944	25,200	10,112	438	27,136						
Detroit	298,017	103,949	475	1,639	185,495	876	2,656	11,539						
Indianapolis	74,031	30,950	119	2,275	27,595	4,871	764	16,800						
Louisville	131,563	88,494	5,250	328	3,508	33,025	50	13,005						
Parkersburg	16,559	3,169	5	189	1,325	11,809	20	2,302						
Midwest Region	905,242	603,077	11,189	122,772	224,142	33,782	20,568	94,444	474					
Aberdeen	38,197	23,267	340	550	5,307	8,484	239	20,846						
Chicago	492,374	277,556	6,060	301	178,866	6,671	6,199	25,734						
Des Moines	48,200	27,007	158	5,599	5,257	430	692	9,416						
Fargo	3,324	197	3	636	231	6	3,248	1						
Minneapolis	97,082	77,760	223	546	16,651	45	1,831	11,767						
Omaha	17,313	10,050	70	22	1,993	4,812	357	6,241						
St. Louis	62,045	21,215	2,739	2,739	17,837	17,837	17,837	17,837						
St. Paul	123,160	102,649	3,448	109	6,876	26	10,249	10,235						
Springfield	41,153	35,997	10	22	8,886	553	650	7,539						
Southeast Region	1,135,499	1,218,799	32,195	21,377	21,377	21,377	21,377	21,377	21,377	21,377	21,377	21,377		
Albuquerque	15,979	13,830		24	112	1,879	34	5,066						
Austin	565,940	357,268	17,249	95	6,046	4,982	164	33,089						
Cheyenne	21,351	20,685	9	1,019	9	1,019	115	4,470						
Dallas	326,716	301,357	7,577	1,423	15,107	493	649	33,341						
Denver	56,329	37,027	141	1,683	12,113	6,214	471	7,768						
Little Rock	31,263	619	63	1,683	1,683	2,566	7,269	6						
New Orleans	14,124	9,917	519	21	2,655	356	642	6,699						
Oklahoma City	234,948	216,318	6,368	46	9,936	6,066	221	14,283						
Wichita	53,176	50,179	123	2,539	1,813	8,433	1,813	8,433						
Western Region	975,217	728,880	16,788	42,115	159,167	15,450	14,306	110,068	443					
Anchorage	3	10	1	4	12	208	506	10						
Boise	3,998	2,897	9	1,019	9	1,019	115	4,470						
Helena	1,340	1,624	1	38	585	2,796	48	3,006						
Honolulu	5,884	1,518		273	49		44	1,322						
Los Angeles	530,574	354,432	10,365	38,443	38,443	1,420	7,468	27,803						
Phoenix	5,758	5,445		114	165		32	5,084						
Portland	53,658	5,290	85	513	43,087	3,964	823	9,039						
Reno	11,716	2,772	11	18	22		2,632	22						
Salt Lake City	18,482	8,207	1	82	509	3,577	6,108	11,610						
San Francisco	249,433	230,175	6,328	2,268	7,559	2,314	687	28,026						
Seattle	102,773	15,215	271	84,732	1,170	1,170	1,149	60						
Office of International Operations	691	336		290	33	30	1							
Puerto Rico	3			290	33	30	1							
Other	3			290	33	30	1							
Unidentified:	688	336		290	33	30	1							
Federal tax deposits ¹⁵														
Casinos, licensing of and excess FILA credits ¹⁶														
Transferred to Government of Guam														
Whistleblower taxes of federal employees														
Cleaning account for excise taxes—aviation fuel and oil—Air Force and Navy														
Presidential election campaign fund ¹⁷														
Earned income credits ¹⁸														
Other ¹³	-44,240	-25,425	-168	-13,806	-1,556	-1,970	-1,332	-11,804	-472					
Totals for states not shown above														
Alaska	780,008	683,790	16,689	40,711	29,486	3,734	5,155	66,831	-167					
Illinois	523,527	313,563	9,069	9,023	183,754	10,224	6,850	33,273	117					
California	549,216	332,819	9,957	109,812	82,880	323	13,433	20,839	155					
Ohio	614,944	222,625	1,626	34,821	26,910	17,013	518	34,517	111					
Pennsylvania	314,094	313,094	1,709	31,094	31,094	54,918	35,389	35,389	42					
Texas	892,655	838,625	24,927	1,517	21,154	5,455	812	66,430	399					

Table 1-Continued
(In thousands of dollars)

Internal revenue regions and districts, states and other areas. (States represented by single districts indicated in parentheses; totals for other states shown at bottom of table.)	Special fuels taxes—Continued		Miscellaneous excise taxes				
	Non-commercial aviation fuel other than gasoline	Diesel and special motor fuels	Total	Telephone and teletype-writer services	Transportation of persons by air	Use of international air travel facilities	Transportation of property by air
	(36)	(37)	(38)	(39)	(40)	(41)	(42)
United States, total	11,806	553,107	18,773,803	998,503	1,280,732	31,883	14,214
North-Atlantic Region	1,155	32,708	1,547,661	104,341	50,474	13,148	451
Albany	1,053	41	635	—	—	—	—
Augusta	38	1,876	2,021	252	403	—	—
Boston	95	5,102	79,956	40,956	30,536	—	19
Brooklyn	—	2,037	21,715	1,509	247	1,108	247
Buffalo	—	7,481	9,000	3,458	572	—	10
Burlington	12	826	1,122	150	392	—	—
Hartford	176	3,271	17,880	11,890	1,179	—	170
Manhattan	310	6,100	1,398,443	46,849	15,530	12,039	275
Portsmouth	22	1,401	4,676	130	5	—	—
Providence	13	1,061	3,055	—	154	—	36
Mid-Atlantic Region	1,722	59,804	1,182,579	131,014	48,587	942	212
Baltimore	89	6,136	69,355	23,509	12,786	900	20
Newark	665	103,710	30,220	6,950	2	36	—
Philadelphia	201	12,955	202,077	46,965	682	4	141
Pittsburgh	406	20,591	744,340	2,829	498	1	13
Richmond	153	14,388	43,800	10,439	22,333	13	35
Wilmington	239	862	2,690	1	82	—	—
Southeast Region	1,046	88,860	868,455	168,532	389,852	7,466	10,124
Atlanta	211	19,976	262,795	90,070	161,674	814	7
Birmingham	106	8,046	72,408	44,751	63	—	—
Columbia	70	4,311	4,534	1,386	158	—	94
Greensboro	153	14,388	43,800	10,439	22,333	13	35
Jackson	170	12,240	20,497	319	22	—	1
Jacksonville	285	14,730	226,303	18,303	1,440	6,374	2,421
Nashville	151	19,976	38,206	17,106	25,562	263	7,417
Central Region	1,882	72,267	2,142,617	105,378	2,144	3,000	—
Cincinnati	316	6,177	26,747	12,147	1,140	4	116
Cleveland	244	26,735	171,062	33,101	487	—	54
Detroit	760	10,412	143,273	34,774	374	2	2,868
Indianapolis	159	14,798	80,167	17,040	127	6	8
Louisville	139	12,070	174,290	3,739	199	—	12
Parkinson	188	2,076	8,076	5,577	217	—	2
Midwest Region	1,387	87,788	1,852,841	222,787	425,455	5,438	3,931
Aberdeen	18	2,225	1,578	428	5	—	—
Chicago	241	23,181	1,230,089	42,551	199,757	2,531	—
Des Moines	61	9,024	7,670	2,283	87	—	—
Fargo	21	3,186	5,296	494	148	—	—
Minneapolis	110	11,330	53,278	16,262	1,844	59	—
Omaha	476	6,037	68,877	53,105	115	—	21
St. Louis	107	14,722	271,891	101,918	134,762	1,547	7,404
St. Paul	294	18,423	9,270	88,120	966	851	—
Springfield	354	8,801	19,679	3,984	617	209	8
Southeast Region	3,584	116,284	8,356,816	53,586	266,484	2,171	4,155
Albuquerque	52	4,949	50,644	195	252	66	—
Austin	1,371	30,534	3,050,569	995	23,329	476	—
Cheyenne	82	4,308	235,169	110	51	10	—
Dallas	476	32,320	1,302,814	11,708	69,982	1,459	884
Denver	377	6,521	215,109	33,055	39,025	81	315
Little Rock	76	7,005	65,738	1,340	419	2	11
New Orleans	379	8,112	232,217	1,659	5,277	121	18
Oklahoma City	331	13,450	2,651,278	934	127,272	32	2,051
Wichita	210	9,045	532,277	3,650	876	183	—
Western Region	2,855	105,898	2,778,827	189,569	154,808	6,561	6,967
Anchorage	43	363	11,184	1,808	533	252	—
Boston	158	3,704	2,951	143	43	3	—
Helena	53	2,891	16,822	290	154	4	—
Honolulu	14	1,301	9,803	3,594	4,741	16	319
Los Angeles	908	37,069	30,914	112,374	4,107	2,751	—
Phoenix	110	4,734	7,829	72	232	17	—
Portland	252	8,565	9,144	1,208	972	94	391
Reno	140	2,422	9,287	116	550	—	—
Salt Lake City	169	11,303	22,352	125	432	12	6
San Francisco	692	27,824	1,368,506	120,290	23,852	1,816	1,365
Seattle	114	5,721	48,376	31,006	4,943	382	166
Office of International Operations	—	—	14,452	8	7,111	1,338	—
Puerto Rico	—	—	854	—	—	—	—
Other	—	56	13,598	8	7,111	1,337	—
Undistributed:							
Federal tax deposits							
Gasoline, lubricating oil and excess FICA credits							
Transferred to Government of Guam							
Withheld taxes of federal employees							
Cleaning account for excess taxes—aviation fuel and oil—Air Force and Navy							
Presidential election campaign fund							
Earned income credits							
Other							
Totals for states not shown above	-1,196	-10,380	249,364	22,278	-65,010	-5,313	-6,764
(a) California	1,601	64,893	3,641,071	151,203	136,326	5,925	4,116
(b) Illinois	299	31,890	1,246,768	46,541	200,374	2,917	2,539
(c) New York	19,371	1,431,939	50,969,499	1,731,445	13,146	13,146	534
(d) Ohio	560	32,911	1,736,809	45,248	1,626	4	170
(e) Pennsylvania	607	33,646	848,417	49,794	1,180	5	153
(f) Texas	1,848	82,854	4,353,484	12,703	93,311	1,935	1,502

Table 1-Continued
(In thousands of dollars)

Internal revenue regions and districts, states and other areas. (States represented by single districts indicated in parentheses; totals for other states shown at bottom of table.)	Wagering taxes		Miscellaneous excise taxes—Continued					
	Occupational	Wagers	Use tax on highway motor vehicles	Use tax on civil aircraft	Private foundations net investment income	Windfall Profit Tax	Other	Unclassified excise tax
	(43)	(44)	(45)	(46)	(47)	(48)	(49)	(50)
United States, total	1,074	12,089	268,225	6,856	84,045	16,930,548	147,834	5,697,040
North-Atlantic Region	7	62	20,776	228	27,326	1,305,570	25,274	589,880
Albany	—	2	1,253	13	206	—	74	248
Boston	—	2	1,221	10	102	—	28	1,624
Brooklyn	1	8	3,275	27	2,066	2,104	864	—38,003
Buffalo	—	3	3,346	29	419	14,846	1,186	—11,936
Burlington	—	1	3,290	24	1,067	191	377	—23,945
Hartford	—	—	447	6	88	—	18	92
Manhattan	1	10	4,030	13	1,280	6,321	2,624	25,313
Portsmouth	—	3	3,683	85	21,782	1,282,107	635,068	—
Providence	—	7	713	7	182	—	3,630	—324
Rhode Island	1	33	517	3	139	946,178	11,998	—
Mid-Atlantic Region	15	210	32,243	282	10,798	846,178	11,998	1,611,295
Baltimore	3	100	3,680	130	1,231	23,251	2,345	198,869
Newark	1	35	7,483	18	2,365	52,908	4,938	458,995
Philadelphia	2	3	8,769	38	3,541	137,984	3,849	343,520
Pittsburgh	38	36	5,361	38	2,235	732,495	628	519,578
Richmond	3	35	5,425	36	458	139	473	—26,321
Wilmington	1	1	1,524	23	868	—	209	16,536
Southeast Region	192	697	39,649	878	5,166	41,156	4,824	—107,678
Atlanta	15	155	5,968	69	948	1,509	356	—205,744
Birmingham	27	109	4,968	42	185	21,924	335	48,068
Columbia	7	50	2,410	23	280	19	106	—7,082
Greensboro	34	102	8,198	92	1,556	19	822	2,015
Jackson	26	43	2,494	27	119	17,243	103	15,260
Jacksonville	32	44	10,501	622	1,448	102	1,576	48,866
Nashville	51	164	5,110	4	617	240	815	—6,150
Central Region	129	485	35,827	391	7,256	1,982,600	3,795	314,214
Cincinnati	9	72	4,472	33	846	7,001	908	50,517
Cleveland	20	65	8,255	118	1,546	1,655,297	1,118	187,008
Detroit	5	14	10,177	160	3,091	90,988	679	76,385
Indianapolis	52	135	7,930	44	1,398	52,866	489	2,003
Louisville	14	110	3,369	24	271	166,087	538	—3,637
Parkinson	29	89	1,624	12	114	382	53	1,939
Midwest Region	125	1,785	45,537	1,784	10,925	1,128,780	14,135	—283,205
Aberdeen	2	5	1,083	12	14	12	18	—1,749
Chicago	5	326	11,049	785	4,709	956,891	8,772	—182,368
Des Moines	1	16	4,589	70	313	91	210	3,241
Fargo	38	1,165	1,545	18	29	1,809	50	9,553
Minneapolis	75	6,414	44	1,445	25,172	1,954	—	—
Omaha	38	3,043	38	226	12,013	190	—	—
St. Louis	13	47	6,142	480	32,047	852	7,818	—5,131
St. Paul	9	65	8,051	303	2,505	90,034	1,813	—
Springfield	6	7	3,623	30	198	10,721	276	4,089
Southeast Region	93	448	42,997	1,163	1,312	7,940,717	11,993	3,542,903
Albuquerque	—	—	1,111	32	24	49,577	75	715
Austin	20	3	10,047	177	4,398	3,005,578	5,032	1,835,853
Cheyenne	1	2	1,141	16	67	236,748	15	25,286
Dallas	12	112	10,375	—	4,128	1,201,368	3,043	1,202,811
Denver	1	1	3,595	120	137	12,487	162	78,310
Little Rock	166	70	3,405	31	161	59,862	622	39,124
New Orleans	24	164	3,673	50	446	216,878	1,907	103,437
Oklahoma City	19	66	5,165	954	2,403	2,511,550	832	185,415
Wichita	2	4,485	50	236	52	322,490	306	—28,147
Western Region	484	8,344	40,864	932	8,061	3,350,731	10,469	—618,483
Anchorage	32	7	415	88	5	—	104	—
Boston	2	1,981	16	100	251	409	251	419
Helena	13	5	1,291	21	35	14,854	84	14,011
Honolulu	1	2	579	25	374	7	145	—
Los Angeles	1	9,283	442	4,202	2,103,805	4,575	—	—656,477
Phoenix	—	—	2,387	53	106	4,642	310	—1,791
Portland	6	10	5,834	54	266	77	232	—29,100
Reno	104	7,605	703	27	34	80	59	214
Salt Lake City	5	2	1,843	21	119	19,743	54	8,671
San Francisco	6	38	11,700	100	3,136	1,202,911	3,181	46,729
Seattle	315	673	4,686	81	685	3,572	1,465	1,995
Washington	—	—	851	2	96	770	3,976	1,033
Office of International Operations	—	—	3	1	3	—	2	2,370
Puerto Rico	—	—	848	2	393	769	3,130	—1,336
Other	—	—	—	—	—	—	—	—
Undistributed:								
Federal tax deposits								—24,590
Gasoline, lubricating oil and excess FICA credits								
Transferred to Government of Guam								
Withheld taxes of federal employees								
Cleaning account for excise taxes—aviation fuel and oil—Air Force and Navy								
Presidential election campaign fund								—41
Earned income credits								
Other	29	60	7,582	997	—	234,035	61,370	669,971
Totals for states not shown above								
California	7	38	20,963	542	7,338	3,306,846	7,766	—610,238
Illinois	11	332	14,672	815	4,906	867,612	9,049	—178,180
New York	3	10	10,572	182	23,473	1,297,145	17,726	600,054
Ohio	137	137	12,727	151	1,672	2,398	231,901	231,901
Pennsylvania	29	6	14,131	35	5,876	870,479	4,678	663,096
Texas	31	142	20,422	78	8,496	4,206,944	8,075	3,138,765

Table 2.—Internal revenue collections by sources
(In thousands of dollars)

Sources of revenue	1980	1981
Grand total, all sources	\$19,375,273	\$20,799,103
Corporate income taxes, total ^{1a}	72,379,610	73,733,156
Regular	72,346,551	73,692,166
Exempt organization business income tax	33,059	40,991
Individual income and employment taxes, total	415,878,261	485,735,942
Income tax withheld and SECA ^{2a}	89,469,055	82,684,499
Income tax withheld and FICA ^{1a}	340,585,220	398,405,012
Rainfall retirement, total ^{1a}	2,534,081	2,710,994
Unemployment insurance ^{1a}	3,309,000	3,645,456
Estate tax ^{1a}	6,282,247	6,694,641
Gift tax ^{1a}	216,134	215,745
Excise taxes, total	24,610,021	40,419,598
Alcohol taxes, total	5,704,768	5,688,413
Distilled spirits taxes, total	3,945,377	3,637,640
Imported (collected by Customs, rates same as domestic)	529,314	558,225
Domestic, \$10.50 per proof gallon or wine gallon when below proof ^{1a}	3,289,366	3,260,614
Rectification, 30 cents per proof gallon ^{1a}	6,350	10
Occupational taxes		
Nonbeverage manufacturers of spirits, \$25, \$50, \$100, per year	88	89
Rectifiers	2	-
Less than 20,000 proof gallons, \$110 per year ^{1a}	2	-
20,000 proof gallons or more, \$220 per year ^{1a}	3	-
Retail dealer (distilled spirits, wines and beer), \$54 per year	16,782	17,331
Wholesale dealer (distilled spirits, wines and beer), \$25 per year	1,262	1,328
Manufacturers of stills, \$55 per year	5	6
Stills or condensers manufactured, \$22 each	3	5
Securities, penstock, etc.	203	32
Wine taxes, total	211,538	244,445
Imported (collected by Customs, rates same as domestic)	37,179	41,093
Domestic (Still wines, 17 cents, 67 cents, \$2.25 per wine gallon, sparkling wines, \$3.40, artificially carbonated wines, \$2.40; liqueurs, cordials, \$1.92) ^{1a}	174,314	203,334
Occupational taxes	45	18
Beer taxes, total	15,47,853	16,06,328
Imported (collected by Customs, rates same as domestic)	36,598	42,682
Domestic, \$9 per barrel of 31 gallons ^{1a}	1,508,843	1,561,325
Occupational taxes		
Brewers		
Less than 500 barrels, \$55 per year	1	3
500 barrels or more, \$110 per year	9	10
Retail dealers in beer, \$24 per year (includes invited retail dealer in distilled spirits, wine and beer, \$2.20 and \$4.50 per month)	1,850	1,781
Wholesale dealers in beer, \$123 per year	552	527
Tobacco taxes, total	2,446,416	2,583,857
Cigarettes, total ^{1a}	2,402,857	2,538,874
Small (Class A), \$4 per thousand	2,402,847	2,538,650
Large (Class B), \$8.40 per thousand, except if over 6 1/2 inches long \$4 per thousand for each 2 3/4 inches or fraction thereof	10	15
Pipestems	1	6
Cigars, total ^{1a}	39,500	40,742
Large cigars, total	38,439	39,690
Wholesale price not more than \$2.05 294 per thousand, \$ 1/2 percent	33,664	34,947
Wholesale price more than \$2.05 294 per thousand, \$20 per thousand	4,775	4,743
Small cigars, 75 cents per thousand	1,048	1,024
Pipestems	13	27
Imported cigars, cigarettes, cigarette papers and cigarette tubes (collected by Customs, rates same as domestic)	2,714	3,195
Miscellaneous tobacco		15
Cigarette papers and tubes, paper one-half cent per 50, tubes 1 cent per 50	1,344	1,232

Table 2.—Continued
(In thousands of dollars)

Sources of revenue	1980	1981
Excise taxes—Continued		
Manufacturer's excise taxes, total	5,487,421	5,089,000
Gassing, 4 cents per gallon	4,218,147	4,007,956
Lubricating oil, etc., 6 cents per gallon	106,402	100,760
Tires (wholly or in part of rubber), inner tubes, and tread rubber		
Tires, highway type, 9.75 cents per pound, other, 4.875 cents per pound except laminated tires (other than type used on highway vehicles), 1 cent per pound ^{1a}	635,440	623,342
Inner tubes, 10 cents per pound	26,870	26,379
Tread rubber, 5 cents per pound	20,314	20,181
Motor vehicles, chassis, bodies, parts, and accessories		
Passenger automobiles, chassis, bodies, etc., 7 percent	306	-800
Trucks, and buses, chassis, bodies, etc., 10 percent	853,538	687,265
Parts and accessories for trucks and buses, 8 percent	234,852	227,259
Pistols and revolvers, 10 percent	22,120	26,650
Fishing rods, creels, etc., 10 percent	33,640	32,143
Bows and arrows, 11 percent	6,222	7,182
Firearms (other than pistols and revolvers), 11 percent	40,856	51,704
Shells and cartridges, 11 percent	33,583	40,365
Black lung, total	251,288	237,097
Underground mined coal - 50¢ per ton	120,281	103,690
Underground mined coal - 2½¢ of price per ton	37,386	21,406
Surface mined coal - 2½¢ of price per ton	75,682	77,428
Surface mined coal - 2½¢ of price per ton	17,979	34,573
Fuel economy, \$200 to \$650 ^{1a}	1,743	na
Alcohol sold as but not used as fuel ^{1a}	-	2,505
Other ^{1a}	-	-
Special fuels, total	580,144	587,486
Noncommercial aviation gasoline, 3 cents per gallon ^{1a}	10,805	3,917
Noncommercial aviation fuel other than gasoline, 7 cents per gallon ^{1a}	36,626	11,806
Diesel and special motor fuels, 4 cents per gallon (in some instances 2 cents per gallon)	512,718	553,107
Inland waterway fuel, 4 cents per gallon ^{1a}	na	18,656
Other ^{1a}	-	-
Miscellaneous excise taxes, total	6,359,198	10,773,803
Telephone and teletypewriter exchange services, 2 percent ^{1a}	1,117,834	998,503
Transportation of persons by air, 5 percent ^{1a}	1,565,971	1,280,732
Transportation of property by air, 5 percent ^{1a}	84,971	14,214
Use of international air-travel facilities, \$3 per person ^{1a}	97,895	31,883
Con-operated gaming devices, \$250 per device per year ^{1a}	840	169
Wagering taxes		
Occupational tax, \$500 per year	1,079	1,074
Wagers, 2 percent of amount wagered	10,972	12,089
Use tax on highway vehicles weighing over 20,000 pounds, \$3 per 1,000 pounds per year (installment privileges permitted)	263,272	266,225
Use tax on civil aircraft, \$25 per year with an additional 2 cents per pound on non-turbine engine powered over 2,500 pounds or 3 1/2 cents per pound on turbine engine powered ^{1a}	17,583	6,656
Firearms transfer and occupational taxes ^{1a}	1,003	794
Foreign insurance, 1¢ or 4¢ per dollar of premium	74,830	74,862
Exempt organizations, total	65,233	89,886
Net investment income, 2 percent	65,280	84,045
Self dealing, 5 percent on self-dealer, lesser of \$10,000 or 2 1/2 percent on foundation manager	229	2,576
Excess business holdings, 5 percent on foundation	67	44
Taxable expenditures, 10 percent on foundation, lesser of \$5,000 or 2 1/2 percent on foundation manager	117	150
Failure to timely file certain information returns, \$10 per day up to a maximum of \$5,000	1,552	1,910
Failure to distribute income, 15 percent of undistributed income	976	1,158
Investments which jeopardize charitable purpose, 5 percent on foundation, lesser of \$5,000 or 5 percent on foundation manager	2	4
Employee pension plans, total	2,844	4,485
Excess contributions to an IRA, 6 percent of excess amount	684	956
Tax on underdistributions from an IRA, 50 percent of underdistribution	103	153
Prohibited transactions, 5 percent of prohibited transaction	542	1,140
Tax on excess contributions to an HR-10 Plan, 6 percent of excess amount	33	81
Failure to meet funding standards, 5 percent of funding deficiency	672	1,120
Tax on excess contributions to custodial account, 6 percent of excess amount	53	40
Failure to file registration statement, \$1 per day up to \$5,000	34	55
Failure to file notification of change, \$1 per day up to \$5,000	-	6
Failure to file statement required by section 6047 or 6058, \$10 per day up to \$5,000	711	932
Failure to furnish actuarial report, \$1,000 each failure	12	-
Failure to provide IRA reports, \$10 each failure	1	-
Black lung benefit trusts, total		
Taxes on lobbying expenditures, 25 percent of taxable lobbying expenditures	12	10
Windfall profits, total, 20 percent to 70 percent of windfall profit	3,051,710	16,930,548
Quarterly return amounts	-	18,925,968
Annual return amounts	-	4,580
Environmental taxes, total ^{1a}	-	81,264
Petroleum, 0.79 cent a barrel	-	10,878
Chemicals, 22 cents to \$4.87 per ton	-	50,386
Other ^{1a}	270	398
Unclassified excise taxes ^{1a}	3,061,075	6,697,040

Table 3.—Internal revenue collections by principal sources
(In thousands of dollars)

Fiscal year	Income and profits taxes									
	Total internal revenue collections	Total	Corporation income and profits taxes ¹	Individual income taxes ²	Employment taxes ³	Estate and gift taxes ⁴	Alcohol taxes ⁵	Tobacco taxes ⁶	Manufacturers' excise taxes ⁷	All other taxes ⁸
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1946	40,672,097	31,258,126	12,553,602	18,704,526	1,700,826	676,832	2,526,165	1,165,519	922,671	2,421,944
1947	39,108,386	29,019,758	9,676,459	19,343,297	2,024,365	778,281	2,474,762	1,237,768	1,425,260	2,147,184
1948	41,864,542	31,172,191	10,174,410	20,997,781	2,381,242	899,345	2,555,327	1,300,280	1,649,234	2,206,822
1949	40,463,125	29,905,491	11,553,669	18,341,822	2,476,113	796,538	2,210,607	1,321,875	1,771,533	2,280,960
1950	39,957,132	28,007,659	10,854,351	17,153,308	2,644,575	706,227	2,219,202	1,328,464	1,636,053	2,214,951
1951	50,445,686	37,384,879	14,387,589	22,997,309	3,627,479	728,730	2,546,808	1,380,396	2,383,677	2,382,719
1952	65,009,586	50,741,017	21,466,910	29,274,107	4,464,264	833,147	2,549,120	1,565,162	2,348,943	2,507,933
1953	69,686,535	54,120,732	21,594,515	32,526,217	4,718,403	891,284	2,780,925	1,664,911	2,862,788	2,647,432
1954	69,919,891	54,360,014	21,546,322	32,813,691	5,107,623	935,121	2,783,012	1,580,229	2,689,133	2,484,659
1955	66,288,692	49,914,826	18,264,720	31,650,106	6,219,665	936,267	2,742,840	1,571,213	2,685,016	2,018,866
1956	75,112,649	58,636,164	21,298,522	35,337,642	7,295,784	1,171,237	2,920,574	1,613,497	3,456,013	2,019,380
1957	80,171,571	60,560,425	21,530,653	39,029,772	7,580,522	1,377,899	2,973,195	1,614,050	3,761,925	2,243,856
1958	79,978,476	59,101,874	20,533,316	38,568,559	8,644,386	1,410,925	2,946,461	1,734,021	3,974,135	2,166,675
1959	79,797,873	58,626,254	18,091,509	40,534,744	8,853,744	1,352,962	3,002,096	1,806,616	3,958,789	1,997,292
1960	91,774,802	67,125,126	22,179,414	44,945,711	11,158,589	1,626,348	3,193,714	1,931,504	4,735,129	2,004,394
1961	94,401,086	67,917,941	21,764,940	46,153,001	12,502,451	1,916,392	3,212,801	1,991,117	4,896,802	1,963,582
1962	99,440,839	71,945,305	21,295,711	50,649,594	12,708,171	2,035,187	3,341,282	2,025,736	5,120,340	2,264,817
1963	105,925,395	75,323,714	22,338,134	52,985,581	15,004,486	2,187,457	3,441,656	2,079,237	5,610,309	2,278,536
1964	112,280,257	78,891,218	24,300,863	54,590,354	17,002,504	2,416,303	3,577,489	2,052,545	6,020,554	2,299,945
1965	114,434,634	79,792,016	26,131,334	53,660,683	17,104,306	2,745,532	3,772,634	2,148,594	6,418,145	2,453,406
1966	128,879,961	82,311,794	30,834,243	61,297,552	20,256,133	3,093,922	3,814,378	2,073,956	5,613,869	1,895,909
1967	148,374,815	104,288,420	34,917,825	69,370,595	28,958,241	3,014,406	4,075,723	2,079,869	5,478,347	2,479,808
1968	152,556,038	108,148,565	29,866,520	78,282,045	29,085,008	3,081,979	4,287,237	2,122,777	5,719,970	2,186,909
1969	187,919,580	135,778,052	36,337,646	97,440,406	33,068,657	3,530,065	4,555,560	2,137,585	5,601,146	2,348,495
1970	195,772,096	138,688,568	35,036,983	103,651,585	37,449,188	3,680,076	4,746,382	2,094,212	6,683,061	2,380,609
1971	191,647,198	131,072,374	30,319,952	100,752,421	39,918,690	3,784,283	4,800,482	2,206,585	6,684,799	3,179,985
1972	209,855,737	143,804,732	34,925,546	108,879,186	43,714,001	5,499,969	5,110,001	2,207,273	5,728,657	3,801,104
1973	237,787,204	164,157,315	39,045,309	125,112,006	52,081,709	4,975,862	5,149,513	2,276,951	5,395,750	3,750,104
1974	262,952,254	184,648,094	41,744,444	142,903,650	62,093,632	5,100,675	5,398,477	2,437,005	5,742,154	3,572,217
1975	293,822,726	202,146,097	45,746,669	156,399,427	70,140,909	4,968,079	5,350,858	2,315,090	5,516,611	3,565,182
1976	302,519,792	205,751,753	48,782,956	156,968,797	74,202,852	5,307,466	5,427,722	2,487,894	5,496,106	3,855,998
1977 (TO)	75,622,780	49,587,484	8,608,905	39,588,579	19,892,041	1,465,247	1,305,841	622,821	1,543,339	1,046,007
1977	358,139,417	248,805,067	60,048,804	188,756,263	86,076,316	7,425,325	5,406,633	2,398,501	6,098,682	3,958,893
1978	399,756,389	278,438,286	65,380,145	213,058,144	97,281,653	5,381,499	5,612,715	2,450,913	6,555,681	4,045,639
1979	469,412,185	322,993,793	71,447,876	251,545,917	112,849,874	5,519,074	5,647,924	2,495,517	7,057,812	3,848,450
1980	519,375,273	359,927,382	72,379,610	287,547,772	128,330,480	6,498,381	5,704,768	2,446,416	6,487,421	3,980,416
1981	606,799,103	406,583,302	73,733,156	332,850,146	152,885,816	6,910,386	5,688,413	2,583,857	6,689,000	26,058,329

* Transition quarter.

Footnotes for Tables 1-3

* Less than \$500.

** Revised.

Note: Totals may not add due to rounding. State and district data for 1981 are not directly comparable with previous years. For 1981 amounts are classified by state and district where taxpayers reside rather than, as for 1980 and prior, where taxpayers made payments.

1. The receipts in the various states do not indicate the federal tax burden of each since in many instances taxes are collected in one state from residents of another state. For example, withholding taxes reported by employers located near state lines may include substantial amounts withheld from salaries of employees who reside in neighboring states. Also, the taxes of some corporations are paid from a principal office, although their operations may be located in another state or throughout several states.

2. Includes taxes on unrelated business income of exempt organizations.

3. Collections of individual income tax not withheld include old-age, survivors', disability and hospital insurance taxes on self-employment income (SECA). Similarly, the collections of individual income tax withheld are reported in combined amounts with old-age, survivors', disability and hospital insurance taxes (FICA) on salaries and wages. Estimated separate national totals for individual income tax and for old-age, survivors', disability and hospital insurance taxes are shown in the text table (Gross Internal Revenue Collections) on page 7 and are used in obtaining national totals for individual income taxes and employment taxes in Table 3.

4. Self-employment tax and taxes imposed by the Federal Insurance Contributions Act are applicable with respect to Guam and American Samoa. Amounts of such taxes collected in Guam and American Samoa are combined with similar taxes reported for "Office of International Operations—Other."

5. Includes fiduciary income tax collections of \$2.2 billion.

6. Beginning with fiscal year 1957, the United States total was adjusted to exclude withheld individual income taxes transferred to the Government of Guam in accordance with the provisions of Public Law 630, approved Aug. 1, 1950, (64 Stat. 392). This adjustment was terminated by Public Law 95-348, and the 1981 figure closes the account.

7. Includes net adjustment of \$12.7 million made by the Department of the Treasury.

8. This district is designated to report all revenue collections received from taxpayers residing outside of the area serviced by its Internal Revenue Service Center.

9. Tax payments made to banks, under the federal tax deposit (FTD) system, are included in the internal revenue collections for the period in which the FTD is purchased. However, such payments are not classified by internal revenue districts (nor by tax subclasses to which excise tax payments relate) until the FTD payment is applied to the taxpayer's liability.

10. Represents credits allowable on income tax returns for certain gasoline and lubricating oil tax payments and for excess payments under the Federal Insurance Contribution Act (FICA).

11. Designations by taxpayers of a portion of their taxes to the presidential election campaign fund are not collections, as such, because they do not affect taxpayer liability. Transfers of amounts to this fund are made on a national basis only and therefore have no effect on district and regional collection data.

12. Represents amounts offset against outstanding tax liabilities other than those for Forms 1040 and 1040A on which the credits are claimed.

13. Includes amounts contained in the national totals but not classified by state or district as of Sept. 30, 1981. Negative excise tax detail amounts reflect adjustments due to a change in the method of classifying payments (see general note which precedes footnotes). Also includes amounts transferred to special accounts for Puerto Rico, the Virgin Islands and the Northern Mariana Islands.

14. Detail does not add to total because total includes amounts of miscellaneous collections not shown separately.

15. Amounts of internal revenue taxes collected on Puerto Rican products transferred to the United States or consumed on the island (less refunds, drawbacks and expenses) are transferred to the Treasury of Puerto Rico under provisions of secs. 7652(a)(3) and 5314(a)(4) of the Internal Revenue Code of 1954. The gross amounts are included in overall collection results (Tables 1 through 3).

16. Refer to Table 2 for components.

17. Includes manufacturers' excise taxes on pistols and revolvers, fishing rods, bows and arrows, firearms and shells and cartridges.

18. Contains, among other items, amounts paid into depositories but not yet classified into excise detail from Forms 720, Quarterly Federal Excise Tax Returns, filed. Generally, Forms 720 are filed and type of excise tax identified and reported in the quarter following the quarter of payment into a depository. The data shown primarily reflect windfall profit tax amounts.

19. For tax years beginning after 1978 the Revenue Act of 1978 (Public Law 95-600) replaced the old corporate system of normal tax, surtax and surtax exemption with a new rate structure graduated from 17 percent to 46 percent of taxable income.

20. Individual income tax rates: Effective Jan. 1, 1965, graduated rates from 14 percent to 70 percent of taxable income. A 10-percent per-annum surcharge added for individuals by Public Law 90-364, effective April 1, 1968, was extended to Dec. 31, 1969, at the same annual rate (Public Law 91-53), extended to June 30, 1970 (Public Law 91-171) at a 5-percent annual rate and then discontinued. Includes SECA taxes of 8.1 percent on net earnings up to \$25,900 for 1980 and of 9.3 percent up to \$29,700 for 1981.

21. Rates of tax are as follows: Income tax graduated withholding from 15 to 38 percent on wages in excess of exemptions, effective Jan. 1, 1979, under Public Law 95-600. A combined FICA tax rate of 12.26 percent was in effect on salaries and wages up to \$25,900 for calendar year 1980 and of 13.3 percent up to \$29,700 for 1981.

22. Consists of regular railroad retirement combined tax rate of 21.76 percent for calendar year 1980 and of 22.8 percent for 1981. Tax applies to employers (15.63 percent for 1980 and 16.15 percent for 1981) and employees (6.13 percent for 1980 and 6.65 percent for 1981) and is imposed on taxable portion of wages (limited to first \$2,158.33 of monthly taxable compensation for 1980 and \$2,475 for 1981). Further includes railroad employee representatives tax of 21.76 percent for 1980 and 22.8 percent for 1981 on taxable portion of compensation received in addition, a supplemental tax levied quarterly by the Railroad Retirement Board is imposed on employers and employee representatives based on hours worked.

23. Employers of one or more persons in each of 20 calendar weeks or who paid wages of \$1,500 or more in any calendar quarter taxed 3.4 percent on taxable portion of wages up to \$5,000. This tax is reduced by credits for unemployment contributions paid to states up to 2.7 percent of FUTA tax.

24. Prior to Jan. 1, 1977, estate tax rates were graduated from 3 percent on the first \$5,000 of net estate in excess of a \$50,000 exemption to 77 percent on portion over \$10 million; gift taxes were three-fourths of the estate tax schedule for corresponding brackets with a \$30,000 exemption subject to a \$3,000 annual exclusion for each donee. Beginning Jan. 1, 1977, the separate rates for estates and gifts were replaced by unified rates of tax graduated from 18 percent to 70 percent. The separate exemption amounts were replaced by a unified credit of \$47,000 to be phased in over a five-year period (\$42,500 credit for 1980 and \$47,000 for 1981).

25. Repealed effective Jan. 1, 1980 (Public Law 96-39).

26. Effective Jan. 1, 1981, tax rate on new tires reduced from 10 cents a pound to 9.75 cents a pound; other tires reduced from 5 cents a pound to 4.875 cents a pound.

27. Data not available due to taxpayer errors in reporting. Amounts are being corrected and will be published at a future date. Also, figure for 1980 will be revised.

28. Credit for alcohol sold as but not used as fuel, effective Oct. 1, 1980 (Public Law 96-223). Credit of 40 cents per gallon of at least 190 proof and 30 cents between 150 and 180 proof.

29. Includes delinquent taxes on items repaid by Public Laws 87-456, 88-36, 89-44, 91-512, 93-490 and 94-455. Also includes sugar and interest equalization taxes that have expired.

30. Expired Sept. 30, 1980.

31. Tax imposed on any liquid used as fuel for commercial waterway transportation, effective Oct. 1, 1980 (Public Law 95-502).

32. Rate was reduced from 3 percent to 2 percent (Public Law 91-614); extended through 1981 by Public Law 96-499.

33. Rate reduced from 8 percent to 5 percent, effective Oct. 1, 1980.

34. Repealed effective June 30, 1980, by the Revenue Act of 1978 (Public Law 95-600).

35. Transfers of machine guns, short-barreled firearms, silencers, etc., \$200 each; certain guns with combination shotguns and rifle barrels and other special types of firearms, \$5 each. Occupational taxes are levied on manufacturers, importers or dealers in firearms and are included in the amounts shown.

36. Taxes effective April 1, 1981 (Public Law 96-510).

37. Fiscal year 1980 data have been revised as follows:

	(\$ Thousands)		
	Total Alcohol	Beer Total	Beer Domestic
Cheyenne	45	8	-0-
Danvers	124,429	124,216	124,189

38. Contains Windfall Profit Tax amount of \$3.1 billion for 1980 and \$16.9 billion for 1981.

Table 4.—Amount of internal revenue refunds including interest
(In thousands of dollars)

Internal revenue regions and districts, states and other areas. (States represented by single digits indicated in parentheses; totals for other states shown at bottom of table.)	Total	Corporation income	Individual income	Employment taxes	Estate	Gift	Excise
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
United States, total¹	63,302,595	12,293,981	248,009,228	1,113,683	138,054	5,028	3,422,629
North-Atlantic Region	8,515,842	2,428,527	5,940,708	102,910	20,413	516	1,497,010
Albany	413,024	46,212	363,876	2,447	219	74	106
Albany	216,697	21,633	192,238	2,437	329	1	59
Boston	1,432,258	291,732	1,140,526	13,313	3,003	58	851
Brooklyn	1,453,791	184,783	1,269,008	8,512	3,725	71	6,348
Buffalo	1,007,055	128,150	878,905	9,793	1,680	40	1,237
Burlington	1,140,461	175,500	964,961	758	147	13	25
Hartford	1,140,461	175,500	964,961	758	147	13	25
Manhattan	2,256,726	312,538	1,944,188	50,274	8,547	208	3,895
Portsmouth	2,256,726	312,538	1,944,188	50,274	8,547	208	3,895
Providence	228,171	38,718	189,453	1,835	381	15	107
Mid-Atlantic Region	8,351,338	1,717,998	6,633,340	34,672	13,387	565	42,789
Baltimore	1,203,743	152,445	1,051,298	15,110	933	69	10,772
Newark	2,213,940	259,804	1,954,136	17,551	2,100	57	7,180
Philadelphia	1,771,859	306,620	1,465,239	14,863	3,327	119	10,620
Pittsburgh	1,317,857	264,302	1,053,555	11,717	2,290	105	10,532
Richmond	1,214,572	138,582	1,075,990	10,821	1,729	208	3,270
Wilmington	122,289	13,060	109,229	1,402	299	38	626
Southeast Region	7,118,789	946,198	6,172,591	52,294	17,673	476	24,200
Atlanta	1,203,743	152,445	1,051,298	15,110	933	69	10,772
Birmingham	775,305	103,547	671,758	7,585	1,130	22	485
Columbia	587,536	60,881	526,655	5,183	501	35	495
Greensboro	1,070,011	149,271	920,740	11,117	1,259	35	10,551
Jackson	401,213	40,524	360,689	4,220	602	23	307
Jacksonville	2,089,801	296,356	1,793,445	34,924	2,262	265	7,132
Nashville	1,001,160	142,174	858,986	12,845	1,358	27	7,612
Central Region	9,248,799	2,350,828	6,897,971	55,816	9,911	767	35,660
Cincinnati	1,230,842	220,033	1,010,809	9,784	931	44	2,593
Cleveland	1,802,355	489,116	1,313,239	8,542	1,731	362	16,951
Detroit	3,611,434	1,368,212	2,243,222	19,556	4,016	72	8,836
Indianapolis	1,398,355	179,422	1,218,933	8,479	1,569	95	5,362
Louisville	731,292	104,643	626,649	7,143	1,267	101	5,618
Parkburg	406,481	43,888	362,593	2,713	477	51	299
Midwest Region	8,718,774	2,148,698	6,569,076	87,687	17,873	1,047	40,908
Abordien	117,265	11,662	105,603	1,601	308	11	308
Chicago	3,364,481	1,148,847	2,215,634	38,730	8,687	502	25,582
Des Moines	805,353	86,432	718,921	5,555	1,211	41	640
Fargo	1,272,113	125,163	1,146,950	12,718	1,402	365	10,278
Minneapolis	1,178,394	225,502	952,892	8,602	1,763	33	16,701
Omaha	881,651	85,390	796,261	3,295	895	29	625
St. Louis	1,128,541	90,722	1,037,819	13,925	1,617	160	9,572
St. Paul	1,095,421	286,153	809,268	10,495	1,543	67	924
Springfield	1,212,345	88,102	1,124,243	6,164	1,383	159	1,643
Southwest Region	8,058,186	1,447,718	6,610,468	121,281	19,717	936	26,422
Albuquerque	267,899	19,836	248,063	3,413	628	8	373
Austin	2,589,195	651,734	1,937,461	41,740	4,878	244	10,317
Cheyenne	152,345	25,703	126,642	1,833	366	12	185
Dallas	1,541,484	273,163	1,268,321	24,279	6,212	148	13,346
Denver	816,121	114,999	701,122	11,264	1,307	143	3,013
Little Rock	421,410	59,710	361,700	6,330	589	8	865
New Orleans	986,261	107,548	878,713	14,087	1,855	38	6,635
Oklahoma City	712,046	82,562	629,484	10,910	289	201	2,076
Wichita	582,425	45,245	537,180	5,516	1,070	46	3,346
Western Region	11,912,712	1,837,856	10,074,856	134,513	37,373	712	10,419
Anchorage	174,051	17,670	156,381	2,185	30	0	137
Boise	196,854	19,642	177,212	2,276	444	1	68
Helena	180,967	19,501	161,466	1,770	897	49	356
Honolulu	255,668	35,384	220,284	1,731	703	27	81
Los Angeles	4,608,568	825,892	3,782,676	55,043	14,824	231	4,231
Phoenix	693,597	89,226	604,371	7,822	1,744	36	291
Portland	798,049	159,585	638,464	9,216	1,508	1	486
Reno	264,473	34,245	230,228	3,073	302	2	79
Salt Lake City	343,135	33,523	309,612	4,242	360	1	192
San Francisco	3,163,201	563,320	2,599,881	35,085	13,668	294	34
Seattle	1,234,129	230,888	1,003,241	12,070	2,157	70	736
Office of International Operations	388,967	112,837	276,130	8,828	1,343	10	623
Puerto Rico	448,885	420	448,465	3,022	129	0	483
Other	342,082	112,417	229,665	5,806	1,214	10	162
Other miscellaneous refunds	989,011	305,219	683,792	515,480	0	0	148,755
Gasoline, lubricating oil and excess FICA credits ²	660,565	0	0	0	0	0	0
Bureau of Customs	1,663	0	0	0	0	0	0
Earned income credits offsets	12,878	0	12,878	0	0	0	0
Refund reversals unclassified ³	312,805	305,219	7,666	0	0	0	0
Totals for states not shown above							
(a) California	7,771,789	1,199,212	6,445,554	90,128	26,492	525	7,877
(b) Illinois	4,076,836	1,236,949	2,759,308	43,824	10,070	661	27,225
(c) New York	5,140,576	1,651,693	3,318,705	71,026	14,171	394	11,586
(d) Ohio	3,133,237	868,149	2,405,248	18,226	2,562	406	19,544
(e) Pennsylvania	3,085,716	702,922	2,376,892	22,340	5,617	224	12,132
(f) Texas	4,130,679	824,897	3,105,601	66,019	11,091	392	19,678

¹ Includes withheld income tax, FICA, railroad retirement and FUTA refunds and credits.² Amounts may not add due to rounding.³ Includes earned income credits refunded amounting to \$1.3 billion.⁴ Includes credits for gasoline and lubricating oil tax payments.⁵ Includes credits for excess payments under the federal old age and survivors', federal disability and federal hospital funds amounting to \$515 million.⁶ District office details were not available for refund reversals pending classification when FY 1981 books were closed.⁷ Includes refunds of special fund receipts (Puerto Rico account 20x5737) amounting to \$236,000.⁸ Significant accounting adjustments were pending for Nashville (\$28.0 million), Newark (\$6.4 million) and Denver (\$3.5 million) when FY 1981 books were closed. Had these transactions been finalized within FY 81, positive figures would have been reflected.⁹ Less than \$500.

Table 5.—Number of internal revenue refunds issued

Internal revenue regions and districts, states, and other areas. (States represented by single digits indicated in parentheses; totals for other states shown at bottom of table.)	Total ¹	Corporation income	Individual income	Employment taxes	Estate	Gift	Excise
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
United States, total	73,871,628	604,706	71,313,729	1,543,657	20,595	1,928	87,013
North-Atlantic Region	9,848,422	74,429	9,773,993	197,574	2,085	239	8,076
Albany	637,709	4,373	633,336	11,978	139	12	1,483
Albany (Maine)	384,707	3,112	381,595	6,731	85	4	1,354
Boston	1,942,343	15,735	1,926,608	35,270	499	54	4,355
Brooklyn	2,016,889	8,753	2,008,136	38,353	555	31	1,388
Buffalo	1,436,047	10,346	1,425,701	21,637	369	31	2,123
Burlington	1,589,897	1,828	1,588,071	4,051	31	5	205
Hartford	1,168,743	6,235	1,162,508	23,177	20	3	1,111
Manhattan	2,293,516	14,946	1,230,339	46,207	710	23	7,744
Portsmouth	307,953	2,782	297,996	6,743	75	2	1,240
Providence	395,618	2,425	393,193	5,285	75	2	1,175
Mid-Atlantic Region	10,173,073	67,885	9,807,839	184,963	2,161	204	10,141
Baltimore	1,798,644	11,774	1,775,815	33,170	432	35	1,616
Newark	2,687,459	19,317	2,620,135	52,904	771	41	2,808
Philadelphia	2,234,362	14,485	2,266,499	40,789	391	31	2,148
Pittsburgh	1,429,778	7,843	1,397,383	22,755	230	31	1,536
Richmond	1,225,433	12,048	1,169,045	30,506	290	45	1,463
Wilmington	197,448	2,142	190,272	3,837	47	2	548
Southeast Region	10,890,431	75,360	10,559,925	239,382	2,610	292	12,882
Atlanta	1,729,423	11,456	1,679,655	36,166	227	53	1,525
Birmingham	1,126,959	7,030	1,098,216	21,894	171	23	1,017
Columbia	596,381	5,813	531,607	17,874	141	24	815
Greensboro	1,771,027	10,317	1,717,083	31,732	291	29	1,805
Jackson	678,095	4,255	658,068	14,470	126	24	1,132
Jacksonville	3,085,523	22,788	2,968,928	62,022	1,425	113	4,042
Nashville	1,494,211	8,163	1,456,238	27,014	223	160	1,547
Central Region	9,877,151	62,348	9,818,828	163,453	1,909	160	10,453
Cincinnati	1,546,934	12,902	1,503,764	25,339	319	25	1,505
Cleveland	2,687,459	19,364	1,986,049	33,531	447	30	2,707
Detroit	2,997,734	20,298	2,917,028	48,702	447	30	3,083
Indianapolis	1,713,479	10,317	1,673,170	27,501	311	30	2,150
Louisville	1,027,445	7,130	1,000,371	18,390	237	25	1,292
Parkburg	543,171	4,137	538,137	9,840	105	8	656
Midwest Region	9,867,703	105,449	9,842,015	201,239	3,451	413	14,338
Abordien	184,118	2,319	186,650	4,665	62	13	409
Chicago	2,995,221	26,843	2,930,577	67,552	672	185	2,624
Des Moines	838,181	12,277	806,275	17,257	406	32	1,934
Fargo	1,272,113	12,277	1,260,836	17,257	406	32	1,934
Minneapolis	1,178,394	22,773	1,155,621	5,223	101	10	492
Omaha	881,651	18,061	863,590	29,945	428	30	2,584
St. Louis	1,128,541	16,061	1,112,480	28,945	428	30	2,584
St. Paul	1,095,421	15,876	1,141,738	38,556	555	44	2,265
Springfield	1,212,345	12,668	1,200,677	23,907	380	41	1,861
Southeast Region	9,743,330	77,436	10,044,640	243,995	2,554	291	15,811
Abordien	184,118	2,319	186,650	4,665	62	13	409
Austin	1,013,398	3,015	997,427	9,778	68	4	3,883
Cheyenne	2,754,309	25,774	2,678,537	66,188	682	64	3,964
Dallas	1,680,029	2,147	1,584,245	5,116	50	12	580
Denver	1,878,457	15,552	1,807,318	51,754	575	85	3,193
Little Rock	988,389	8,878	985,497	24,349	414	24	1,082
Memphis	625,388	5,374	604,336	14,492	115	9	1,378
Oklahoma City	1,271,083	8,659	1,228,678	31,505	278	24	1,649
Wichita	910,841	7,235	878,631	23,137	213	19	1,442
Western Region	11,061,208	119,000	12,620,506	306,947	4,787	319	15,850
Anchorage	1,345,308	1,395	1,339,913	3,669	37	0	1,346
Boise	273,050	2,984	262,760	6,702	67	0	838
Butte	250,208	3,865	238,760	6,770	100	11	702
Honolulu	329,114	3,281	318,830	6,688	93	12	812
Los Angeles	4,813,413	48,183	4,653,647	111,067	1,810	96	4,630
Phoenix	857,361	6,255	801,619	18,305	222	21	938
Portland	952,587	10,755	919,810	21,026	266	24	1,375
San Francisco	307,604	2,467	297,245	7,431	39	3	1,378
Seattle	436,838	3,178	425,497	9,752	49	3	439
San Jose	3,117,439	29,835	3,026,669	76,826	1,171	108	4,777
Seattle	1,375,987	13,978	1,327,589	32,471	362	10	439
Puerto Rico	195,304	1,342	180,828	12,704	158	10	281
Other	68,692	40	37,465	10,870	154	88	10
Other	146,812	1,302	144,324	1,734	154	88	10
Refund reversals unclassified ²	114,805	1,677	113,128	0	0	0	0
Totals for states not shown above							
(a) California	8,130,852	71,098	7,859,316	167,893	3,534	204	8,807
(b) Illinois	3,832,829	35,413	3,718,132	73,864	1,291	325	3,904
(c) New York	5,383,161	39,418	5,222,213	115,276	1,773	148	4,333
(d) Ohio	3,595,322	32,466	3,499,833	58,930	786	55	3,772
(e) Pennsylvania	3,754,140	34,598	3,665,582	63,544	621	63	3,628
(f) Texas	4,642,847	34,988	4,482,055	117,942	1,247	129	7,076

Table 6.—Number of returns filed, by internal revenue regions and districts, states and other areas

Internal revenue regions and districts, states and other areas. (States represented by single districts indicated in parentheses; totals for other states shown at bottom of table.)	Total tax returns (1)	Individual income tax (2)	Declaration of estimated tax (3)	Fiduciary (4)	Partnership (5)	Corporation income tax (6)	Excise tax (7)
United States, total	166,527,670	94,018,266	30,347,029	1,916,858	1,467,282	2,806,011	145,617
North-Atlantic Region	22,881,853	12,436,103	4,377,084	380,742	151,125	481,847	20,246
Albany	1,435,384	845,311	267,356	11,041	9,367	23,063	1,210
Albany	81,746	460,729	10,052	12,388	559	1,375	559
Augusta	4,408,229	2,541,181	842,324	92,273	20,271	78,858	3,975
Boston	4,754,287	2,722,587	940,376	23,542	29,189	105,546	5,532
Brooklyn	3,040,281	1,634,272	565,800	36,745	19,629	42,356	2,708
Buffalo	404,769	209,753	80,169	4,781	2,948	7,684	319
Burlington	2,689,291	1,447,238	554,460	46,913	52,449	27,655	2,650
Hartford	3,001,870	1,756,459	720,254	18,313	126,154	4,154	4,154
Manhattan	726,791	412,045	139,572	6,878	4,103	11,701	564
Portsmouth	701,295	408,529	120,978	10,336	16,448	2,765	2,765
Providence	12,071,873	12,077,768	4,013,487	272,834	162,151	368,754	17,292
Mid-Atlantic Region	3,724,076	2,194,828	653,255	38,966	28,198	58,160	2,906
Baltimore	5,900,907	3,353,572	1,082,148	53,949	43,192	136,519	5,006
Newark	5,194,535	3,019,928	1,003,725	86,340	37,389	72,231	4,037
Philadelphia	3,057,820	1,827,286	574,919	40,620	22,629	31,873	1,948
Pittsburgh	3,729,884	2,226,861	801,367	32,602	26,130	55,128	2,947
Richmond	464,951	255,275	73,073	10,337	2,913	7,073	448
Wilmington	24,525,379	13,850,933	4,405,831	202,728	180,933	425,951	18,872
Southeast Region	3,550,240	2,133,277	477,413	26,587	25,030	56,231	1,237
Atlanta	2,276,308	1,383,686	313,362	17,551	16,081	33,098	1,237
Birmingham	1,953,466	1,183,418	283,580	10,961	13,699	29,858	1,348
Columbia	3,893,255	2,337,738	581,375	26,072	29,262	61,291	2,516
Greensboro	1,455,672	860,731	202,476	7,189	12,134	21,270	1,827
Jackson	8,497,349	4,186,848	2,130,843	94,975	55,762	185,191	8,984
Jacksonville	2,897,089	1,765,285	410,782	29,403	29,935	37,012	1,917
Nashville	12,581,817	12,540,774	3,478,402	157,686	131,275	311,275	15,485
Central Region	2,158,750	1,882,811	557,281	36,305	22,909	43,102	2,528
Cincinnati	4,373,258	2,607,122	767,060	50,269	29,706	67,886	3,287
Cleveland	3,666,757	2,062,028	666,452	48,432	45,512	13,558	3,558
Detroit	3,696,361	2,204,972	662,127	42,557	24,013	57,329	3,802
Indianapolis	2,206,107	1,304,930	355,664	19,809	22,085	31,796	1,542
Louisville	1,122,654	674,187	175,042	9,860	10,147	16,650	668
Parkersburg	23,276,840	12,950,374	4,608,227	338,148	204,966	380,654	28,543
Midwest Region	520,422	277,896	81,783	8,881	5,708	7,954	893
Aberdeen	3,620,863	2,187,746	112,874	56,432	106,561	5,603	5,603
Chicago	2,312,078	1,191,172	520,620	36,963	22,376	39,084	4,545
Des Moines	514,024	271,091	80,660	5,027	5,558	8,127	1,107
Fargo	2,350,240	1,375,515	744,884	53,297	27,694	57,912	3,394
Minneapolis	3,251,782	1,915,751	663,404	238,759	13,250	23,474	2,373
Milwaukee	3,615,658	1,980,216	749,483	49,029	26,827	60,009	3,210
Omaha	3,012,531	1,737,142	510,327	32,206	28,700	63,246	3,643
St. Louis	2,242,727	1,243,065	427,966	28,674	18,401	24,287	3,858
Southwest Region	22,132,782	12,430,649	3,501,938	191,771	235,687	368,012	16,948
Albuquerque	883,063	518,408	150,280	5,979	8,851	13,425	533
Austin	394,348	208,960	59,645	3,021	5,153	7,796	323
Chevyenne	5,827,266	2,458,328	719,202	47,361	58,565	72,468	3,204
Dallas	4,506,417	2,598,187	968,426	25,558	32,308	45,522	1,963
Denver	1,435,095	811,479	244,089	9,347	12,146	22,730	976
Little Rock	2,877,487	1,570,556	403,935	17,755	17,260	51,600	1,277
New Orleans	2,187,308	1,186,436	377,317	18,096	23,938	38,964	2,253
Oklahoma City	1,891,537	992,724	301,919	22,252	16,534	29,202	2,779
Wichita	30,287,049	16,818,449	5,705,527	318,156	273,996	463,516	28,700
Western Region	308,853	183,902	61,743	48,352	60,932	88,155	3,738
Anchorage	648,525	358,425	101,867	5,846	8,745	11,710	503
Boise	462,387	230,474	106,678	5,255	7,843	12,063	691
Helena	756,216	425,322	132,055	6,965	7,727	16,265	913
Los Angeles	11,126,523	6,146,180	2,195,703	133,465	143,504	173,199	9,929
Phoenix	1,890,726	1,110,905	376,759	24,138	18,544	33,404	1,812
Portland	2,135,406	1,128,706	377,902	19,847	24,803	35,207	1,928
Reno	657,208	392,820	88,842	6,115	7,160	12,796	321
Salt Lake City	902,638	537,521	104,427	12,103	17,782	27,782	674
San Francisco	7,903,423	4,215,847	1,698,211	76,335	96,984	85,693	8,180
Seattle	2,235,064	1,787,947	571,438	29,116	37,371	50,099	2,077
Office of International Operations	767,257	313,230	170,535	835	1,118	8,222	403
Puerto Rico	447,047	228,334	119,759	717	1,019	674	27
Other							
Totals for states not shown above							
(a) California	19,029,946	10,302,027	3,623,914	209,600	242,488	268,892	18,119
(b) Illinois	8,477,136	4,853,426	1,631,711	141,548	74,853	130,646	10,441
(c) New York	13,140,932	7,158,628	2,433,886	189,644	95,771	302,119	11,604
(d) Ohio	7,530,008	4,489,933	1,324,241	86,574	52,909	110,968	5,915
(e) Pennsylvania	8,232,155	4,847,214	1,583,644	136,960	60,018	104,104	5,985
(f) Texas	10,333,683	5,844,899	1,526,345	95,713	119,497	160,643	6,942

Column Contents:

- (1) Includes Forms 1040, 1040A, 1040NR, 1040SS-PR and 1040C.
 (2) Form 1040ES. The increase in volume since 1980 results from a change of count for declarations of estimated tax data—the number of taxpayers was shown in 1980 whereas the number of documents is shown in 1981. The number of taxpayers in 1981 is 9,399,534.
 (3) Form 1041.
 (4) Form 1065.
 (5) Includes Forms 1120, 1120B, 1120M, 1120S, 1120POL, 1120F and 1120H.
 (6) Includes Forms 706 and 706NA.
 (7) Includes Forms 706 and 706NA.

Table 6.—Continued

Internal revenue regions and districts, states and other areas. (States represented by single districts indicated in parentheses; totals for other states shown at bottom of table.)	Gift (8)	Employment taxes (9)	Exempt Organization (10)	Employee Plans (11)	ATF Returns (12)	Excise taxes (13)	Supplemental documents (14)	Non-Master File Returns (15)
United States, total	188,620	26,063,409	408,750	780,059	522,505	971,148	6,816,579	55,537
North-Atlantic Region	29,375	3,575,717	65,144	128,122	65,112	93,249	894,684	7,303
Albany	(See (c) below)	1,324	203,300	3,279	5,708	6,840	7,456	49,136
Augusta	(See (c) below)	985	129,628	2,223	3,036	4,030	7,478	24,902
Boston	(See (c) below)	5,762	614,947	15,652	22,081	9,149	16,309	142,172
Brooklyn	(See (c) below)	3,546	981,620	7,654	24,739	8,563	11,915	188,862
Buffalo	(See (c) below)	4,409	407,418	6,923	14,933	12,780	16,048	94,312
Burlington	(See (c) below)	584	75,732	1,240	2,264	2,264	2,467	15,038
Hartford	(See (c) below)	4,417	409,865	6,578	14,859	9,772	16,599	102,285
Manhattan	(See (c) below)	6,319	630,802	17,849	34,395	7,404	8,009	230,681
Portsmouth	(See (c) below)	868	110,452	1,921	2,966	2,941	4,767	28,189
Providence	(See (c) below)	531	111,953	1,535	1,949	1,949	2,311	20,037
Mid-Atlantic Region	21,830	2,262,714	58,500	59,030	59,030	106,536	737,878	6,174
Baltimore	(See (d) below)	4,371	552,374	8,264	19,112	8,465	13,913	133,444
Newark	(See (d) below)	5,342	904,437	11,657	30,444	10,870	33,811	233,850
Philadelphia	(See (d) below)	4,311	726,187	11,055	30,573	14,870	26,193	141,735
Pittsburgh	(See (d) below)	2,430	415,451	6,549	15,789	11,354	20,276	83,763
Richmond	(See (d) below)	4,649	593,417	6,796	13,463	8,428	19,913	126,339
Wilmington	(See (d) below)	667	70,848	11,277	2,444	1,434	2,430	16,745
Southeast Region	26,825	4,123,703	46,085	82,184	78,841	133,460	944,748	8,305
Atlanta	(See (e) below)	4,381	620,739	9,758	12,930	11,921	21,523	142,787
Birmingham	(See (e) below)	2,336	401,045	3,987	8,937	7,617	15,264	75,771
Columbia	(See (e) below)	2,117	334,712	3,155	5,771	6,704	10,421	61,543
Greensboro	(See (e) below)	4,496	670,322	7,051	14,654	10,845	22,819	123,897
Jackson	(See (e) below)	1,403	267,988	2,352	4,009	7,732	11,838	55,675
Jacksonville	(See (e) below)	8,703	1,329,873	14,658	27,358	22,741	33,001	394,225
Nashville	(See (e) below)	2,389	496,026	5,144	10,495	8,281	13,984	91,050
Central Region	21,471	2,883,704	52,893	100,879	67,733	130,688	861,287	8,821
Cincinnati	(See (f) below)	3,398	440,845	10,775	18,765	8,892	15,322	111,561
Cleveland	(See (f) below)	4,135	617,112	11,676	20,848	13,930	23,502	153,591
Detroit	(See (f) below)	5,562	854,920	13,914	34,883	20,905	33,527	211,879
Indianapolis	(See (f) below)	4,760	524,157	10,198	14,828	11,329	32,356	103,691
Louisville	(See (f) below)	2,361	361,947	6,735	7,565	7,568	16,869	69,741
Parkersburg	(See (f) below)	917	182,729	2,497	3,990	5,009	9,644	30,634
Midwest Region	43,106	3,544,894	67,198	122,429	95,875	187,375	713,119	4,892
Aberdeen	(See (g) below)	917	97,230	1,490	2,168	3,471	7,025	17,948
Chicago	(See (g) below)	6,884	845,031	14,384	36,859	14,531	19,377	208,209
Des Moines	(See (g) below)	5,977	383,831	7,249	10,173	9,308	22,478	57,800
Fargo	(See (g) below)	2,002	97,456	1,575	2,473	2,836	7,996	18,056
Minneapolis	(See (g) below)	8,509	537,285	8,936	20,547	23,046	24,493	101,351
Omaha	(See (g) below)	4,300	219,515	3,322	5,571	5,849	16,842	36,850
St. Louis	(See (g) below)	4,128	565,294	12,974	15,952	16,917	23,869	106,292
St. Paul	(See (g) below)	5,557	461,362	11,583	17,631	10,846	29,693	110,030
Springfield	(See (g) below)	1,929	337,902	2,574	3,957	5,674	8,473	24,783
Southeast Region	27,394	3,723,780	48,687	80,401	68,874	163,528	1,272,384	2,673
Albuquerque	(See (h) below)	846	150,406	2,007	3,949	2,027	8,272	40,882
Albino	(See (h) below)	606	938,611	20,718	28,989	20,718	28,989	54,718
Cheyenne	(See (h) below)	440	74,307	1,119	1,398	2,317	4,881	23,528
Dallas	(See (h) below)	948	779,871	10,119	16,234	6,614	35,935	290,396
Denver	(See (h) below)	1,302	387,886	7,081	10,728	7,918	15,073	118,068
Little Rock	(See (h) below)	1,833	250,805	2,928	4,679	3,814	14,284	56,226
New Orleans	(See (h) below)	2,178	466,578	3,009	8,189	9,462	10,803	113,574
Omaha City	(See (h) below)	3,239	358,311	5,359	7,633	9,152	14,183	81,983
Wichita	(See (h) below)	3,962	317,095	4,858	5,518	6,338	18,069	78,149
Western Region	28,283	4,856,752	71,905	163,444	68,872	175,450	1,506,805	4,772
Alaska	(See (i) below)	206	2,755	762	2,456	2,456	3,111	12,201
Borise	(See (i) below)	816	117,298	1,443	2,933	3,453	8,821	27,819
Helena	(See (i) below)	2,043	121,125	1,714	2,728	4,857	9,395	37,007
Honolulu	(See (i) below)	1,111	112,248	1,421	1,866	2,360	3,680	12,996
Los Angeles	(See (i) below)	6,645	1,569,001	24,358	58,466	21,340	40,106	501,931
Phoenix	(See (i) below)	2,009	294,494	3,411	8,253	6,446	9,013	111,355
Portland	(See (i) below)	2,914	347,045	4,499	10,833	12,633	14,834	124,633
Reno	(See (i) below)	608	98,732	1,040	3,124	2,368	5,458	47,330
Salt Lake City	(See (i) below)	1,707	149,264	1,488	4,481	2,458	8,866	37,739
San Francisco	(See (i) below)	1,192	1,192,152	1,591	3,191	5,109	26,688	142,214
Seattle	(See (i) below)	2,754	516,838	10,348	15,376	10,325	27,132	173,858
Office of International Operations	454	192,145	440	775	268	852	62,634	15,842
Puerto Rico	(See (j) below)	329	180,136	60	106	255	45	4,076
Virgin Islands	(See (j) below)	324	11,947	380	221	13	806	60,452
Totals for states not shown above								
(a) California	13,136	2,862,153	45,749	109,574	47,808	82,881	871,177	2,206
(b) Arizona	10,791	1,262,023	20,058	47,914	23,802	34,879	282,879	1,172
(c) New York	16,108	2,123,140	35,705	79,775	35,587	43,318	581,171	4,476
(d) Ohio	7,973	1,057,857	22,451	39,613	22,822	38,675	265,152	1,028
(e) Pennsylvania	11,412	1,526,536	27,364	60,604	28,636	42,739	421,496	1,974
(f) Texas	10,882	1,718,282	24,188	38,948	29,843	68,784	698,386	3,061

	Returns Filed		Returns Examined				Percent Coverage
	CY 1980	Revenue Agents	Tax Auditors	Service Center	Total		
Individual, total	93,052,000	289,507	1,193,079	161,518	1,644,104	1.77	
1040A, TPI ¹ under \$10,000	28,222,000	10,259	133,415	5,745	149,419	.53	
Non 1040A, TPI under \$10,000	8,553,000	12,439	104,274	34,116	150,829	1.76	
TPI \$10,000 under \$25,000, simple	21,071,000	7,154	108,202	13,597	128,953	.61	
TPI \$10,000 under \$25,000, complex	11,694,000	25,868	269,585	69,997	365,450	3.13	
TPI \$25,000 under \$50,000	14,901,000	43,612	401,511	26,679	471,802	3.17	
TPI \$50,000 and over	2,249,000	84,775	77,192	4,066	176,033	7.83	
Schedule C-TGR ¹ under \$25,000	2,324,000	10,749	20,174	2,162	33,085	1.42	
Schedule C-TGR \$25,000 under \$100,000	1,758,000	26,951	40,708	2,325	69,984	3.98	
Schedule C-TGR \$100,000 and over	886,000	39,534	22,329	1,251	63,114	7.12	
Schedule F-TGR under \$25,000	640,000	3,825	4,983	764	9,472	1.48	
Schedule F-TGR \$25,000 under \$100,000	559,000	6,340	7,686	629	14,655	2.62	
Schedule F-TGR \$100,000 and over	195,000	8,001	3,120	187	11,308	5.80	
Fiduciary	1,876,000	9,145	52	-	9,197	.49	
Partnerships	1,362,000	22,015	98	-	22,113	1.62	
Corporation, total ²	2,124,000	107,363	-	-	107,363	5.05	
Assets not reported	126,000	4,017	-	-	4,017	3.19	
Under \$100,000 ⁴	1,014,000	26,393	-	-	26,393	2.60	
\$100,000 under \$1 Mil	779,000	42,245	-	-	42,245	5.42	
\$1 Mil under \$10 Mil	165,000	23,681	-	-	23,681	14.35	
\$10 Mil under \$100 Mil	27,000	7,001	-	-	7,001	25.93	
\$100 Mil and over	5,000	4,026	-	-	4,026	60.52	
Small business corp.	528,000	9,356	-	-	9,356	1.77	
Form 1120 Disc	8,000	1,460	-	-	1,460	16.22	
Estate, total	147,000	26,344	753	-	27,097	18.43	
Gross estate under \$300,000	93,000	7,581	534	-	8,115	8.73	
Gross estate \$300,000 and over	55,000	18,763	219	-	19,982	34.51	
Gift	215,000	5,841	256	-	6,097	2.74	
Income, estate and gift, total	99,313,000	470,831	1,194,238	161,518	1,626,587	1.84	
Excise	875,000	61,251	10,940	-	72,191	8.25	
Employment	26,387,000	24,834	6,498	-	31,332	.12	
Miscellaneous	-	168	14	-	182	-	
Service Center corrections	-	-	-	814,023	-	-	

Note: Total may not add due to rounding. Individual income classes for 1981 are not comparable to those for 1980 due to a change from adjusted gross income (AGI) to total positive income (TPI) for grouping returns by income levels.

¹Total positive income.

²Total gross receipts.

³Includes 8,000 Forms 1120F not allocated to corporation classes.

⁴Balance sheet assets.

Recommended Additional Tax and Penalties (in millions of dollars)				Average Tax and Penalty per Return			No-Change, Percent ¹		
Revenue Agents	Tax Auditors	Service Centers	Total	Revenue Agents	Tax Auditors	Service Centers	Revenue Agents	Tax Auditors	
\$1,845	\$690	\$36	\$2,572	\$6,374	\$579	\$223	11	23	Individual, total
79	50	1	130	7,733	372	158	10	23	1040A, TPI ¹ under \$10,000
64	29	4	97	5,159	276	121	18	33	Non 1040A, TPI under \$10,000
18	49	3	70	2,584	451	205	16	25	TPI \$10,000 under \$25,000, simple
72	125	15	212	2,779	464	216	13	20	TPI \$10,000 under \$25,000, complex
151	220	9	380	3,454	548	338	10	22	TPI \$25,000 under \$50,000
868	100	2	969	9,161	1,291	402	10	32	TPI \$50,000 and over
34	15	1	50	3,177	744	321	15	22	Schedule C-TGR ¹ under \$25,000
108	49	1	158	3,999	1,298	375	12	21	Schedule C-TGR \$25,000 under \$100,000
373	43	1	416	9,423	1,839	411	11	21	Schedule C-TGR \$100,000 and over
16	2	-	18	4,148	502	187	20	24	Schedule F-TGR under \$25,000
14	5	-	19	2,166	696	232	12	20	Schedule F-TGR \$25,000 under \$100,000
48	3	-	52	6,061	963	471	10	21	Schedule F-TGR \$100,000 and over
39	-	-	39	4,239	1,305	-	26	44	Fiduciary
-	-	-	-	-	-	-	35	34	Partnerships
6,339	-	-	6,339	59,040	-	-	18	-	Corporation, total ²
85	-	-	85	21,104	-	-	22	-	Assets not reported
49	-	-	49	1,854	-	-	22	-	Under \$100,000 ⁴
279	-	-	279	6,606	-	-	19	-	\$100,000 under \$1 Mil
382	-	-	382	16,146	-	-	16	-	\$1 Mil under \$10 Mil
585	-	-	585	83,503	-	-	9	-	\$10 Mil under \$100 Mil
4,959	-	-	4,959	1,231,715	-	-	3	-	\$100 Mil and over
25	-	-	25	2,728	-	-	34	-	Small business corp.
-	-	-	-	-	-	-	39	-	Form 1120 Disc
1,371	3	-	1,373	52,031	3,476	-	11	15	Estate, total
98	2	-	100	12,949	3,880	-	15	15	Gross estate under \$300,000
1,273	1	-	1,273	67,822	2,490	-	10	15	Gross estate \$300,000 and over
69	-	-	70	12,282	1,029	-	21	30	Gift
9,688	693	36	10,418	20,577	581	223	15	23	Income, estate and gift, total
79	2	-	81	1,289	163	-	18	13	Excise
42	2	-	44	1,699	316	-	20	14	Employment
2	-	-	2	11,554	40	-	1	79	Miscellaneous
-	-	205	205	-	-	252	-	-	Service Center corrections

¹Service center no-change rate by class is not available. 31 percent of service center examinations resulted in no change.

Table 8.—Returns filed, examination coverage and results (1980)

	Returns Filed		Returns Examined			
	CY 1979	Revenue Agents	Tax Auditors	Service Center	Total	Percent Coverage
Individual, total	90,727,115	292,465	1,346,320	195,073	1,833,858	2.02%
NB ¹ under \$10,000 ²	38,538,636	26,273	372,221	39,656	438,150	1.14
NB \$10,000 under \$15,000	12,631,046	15,065	192,389	48,521	255,975	2.03
NB \$15,000 under \$50,000	27,270,309	57,454	580,199	87,812	725,465	2.66
NB \$50,000 and over	1,251,151	59,457	47,161	2,719	109,337	8.74
B under \$10,000 ²	3,896,353	36,330	77,015	4,049	117,394	3.18
B \$10,000 under \$30,000	5,465,678	36,408	52,447	8,876	97,731	1.79
B \$30,000 and over	1,873,942	61,478	24,888	3,440	89,806	4.79
Fiduciary	1,820,708	9,875	-	-	9,875	.54
Partnership	1,289,315	23,041	-	-	23,041	1.79
Corporation, total	2,061,672	133,593	-	-	133,593	6.48
Assets not reported	125,622	5,790	-	-	5,790	4.61
Under \$100,000 ⁴	1,006,189	36,520	-	-	36,520	3.63
\$100,000 under \$1 M	746,767	51,953	-	-	51,953	6.96
\$1 M under \$10 M	151,663	27,636	-	-	27,636	18.22
\$10 M under \$100 M	26,302	7,756	-	-	7,756	29.49
\$100 M and over	5,129	3,938	-	-	3,938	76.78
Small business corp.	504,266	10,457	-	-	10,457	2.07
Domestic international sales corp.	6,756	1,635	-	-	1,635	24.20
Estate, total	156,392	26,808	1,606	-	28,414	18.17
Gross estate under \$300,000	119,199	9,151	1,225	-	10,376	8.70
Gross estate \$300,000 and over	37,193	17,657	381	-	18,038	48.50
Gift	205,191	7,713	614	-	8,327	4.06
Income, estate and gift, total	96,771,515	505,587	1,348,540	195,073	2,049,200	2.12
Excise	1,065,175	68,922	10,692	-	79,604	7.47
Employment	26,429,842	40,744	9,222	-	49,966	.19
Miscellaneous	-	418	109	-	527	-
Service center corrections	-	-	-	533,046	533,046	-

Totals may not add, due to rounding.

¹ Nonbusiness returns.² Adjusted gross income.³ Business returns.⁴ Balance sheet assets.

	Recommended Additional Tax and Penalties (in millions of dollars)				Average Tax and Penalty per Return			No Change, Percent ¹	
	Revenue Agents	Tax Auditors	Service Centers	Total	Revenue Agents	Tax Auditors	Service Centers	Revenue Agents	Tax Auditors
Individual, total	\$1,335	\$802	\$39	\$1,977	\$4,568	\$447	\$199	13	26
NB ¹ under \$10,000 ²	143	109	5	258	5,438	294	131	15	30
NB \$10,000 under \$15,000	46	58	7	112	3,066	303	146	18	28
NB \$15,000 under \$50,000	120	251	21	392	2,087	433	240	13	24
NB \$50,000 and over	365	44	1	411	6,146	941	447	12	40
B under \$10,000 ²	115	69	1	184	3,159	889	181	15	22
B \$10,000 under \$30,000	94	42	2	137	2,570	792	250	12	20
B \$30,000 and over	452	29	1	483	7,358	1,161	411	12	29
Fiduciary	34	-	-	34	3,429	-	-	31	-
Partnership	-	-	-	-	-	-	-	39	-
Corporation, total	6,008	-	-	6,008	44,972	-	-	21	-
Assets not reported ⁴	96	-	-	96	16,540	-	-	22	-
Under \$100,000	61	-	-	61	1,679	-	-	27	-
\$100,000 under \$1 M	195	-	-	195	3,758	-	-	23	-
\$1 M under \$10 M	378	-	-	378	13,685	-	-	17	-
\$10 M under \$100 M	540	-	-	540	69,674	-	-	10	-
\$100 M and over	4,737	-	-	4,737	1,202,893	-	-	4	-
Small business corp.	31	-	-	31	2,963	-	-	38	-
Domestic international sales corp.	45	-	-	45	27,531	-	-	44	-
Estate, total	1,045	4	-	1,050	38,998	2,768	-	12	17
Gross estate under \$300,000	75	3	-	78	8,247	2,827	-	15	16
Gross estate \$300,000 and over	970	1	-	971	54,935	2,578	-	10	20
Gift	89	3	-	91	11,481	4,172	-	20	28
Income, estate and gift, total	6,587	609	39	9,235	16,984	452	199	17	26
Excise	99	2	-	100	1,435	149	-	21	14
Employment	70	2	-	72	1,712	191	-	29	28
Miscellaneous	-	-	-	-	42	448	-	1	26
Service center corrections	-	-	123	123	-	-	230	-	-

¹ Service center no-change rate by class is not available. No change resulted in 34 percent of service center examinations.

Note: The headings for Table 9 (p.48) and Table 10 (p.49) should be reversed.

Table 10--Additional tax and penalties recommended after examination by class of tax and by internal revenue regions and districts and other areas (In thousands of dollars)

Internal revenue regions, districts and service centers	Total	Individual	Fiduciary	Corporation	Sub-chapter S Corporation	Estate	Gift	Excise	Employment	Exempt Organizations	Miscellaneous
Total	10,641,694	2,571,577	38,335	6,338,711	25,485	1,373,328	89,600	80,768	44,239	97,209	1,942
North-Atlantic	2,179,987	408,977	2,437	1,575,835	2,813	96,079	10,725	4,431	12,186	62,503	-
Albany	1,354,599	281,979	7,028	843,599	5,237	77,983	6,847	8,907	5,171	1,488	-
Boston	282,369	50,581	471	225,181	1,271	11,590	416	1,586	840	423	-
Brooklyn	182,374	87,133	333	68,876	399	22,912	2,002	521	174	202	1
Buffalo	111,563	28,042	75	71,121	75	10,217	1,356	677	1,000	-	-
Burlington	6,650	2,560	8	3,164	-	610	-	32	62	-	-
Hartford	240,803	33,175	961	191,133	22	11,875	2,615	749	273	-	-
Manhattan	1,223,696	184,268	429	951,607	693	34,730	833	479	8,759	61,878	-
Portland	27,123	7,081	36	19,100	221	620	8	50	-	-	-
Providence	32,733	12,834	30	19,624	-	1,956	15	60	914	-	-
Andover Service Center	2,238	2,238	-	-	-	-	-	-	-	-	-
Brookhaven Service Center	4,223	4,223	-	-	-	-	-	-	-	-	-
Mid-Atlantic	176,514	58,096	285	81,028	419	32,819	741	2,523	559	41	-
Baltimore	515,390	78,361	376	421,212	1,126	12,251	382	576	1,042	54	-
Philadelphia	207,446	67,754	3,810	117,544	1,404	9,261	213	3,701	2,386	1,383	-
Pittsburgh	201,465	38,874	41	148,255	1,408	9,765	943	1,569	694	-	-
Richmond	143,457	47,023	2,428	79,174	870	8,990	4,055	430	487	-	-
Wilmington	108,082	6,802	86	96,047	31	4,883	203	8	22	-	-
Philadelphia Service Center	2,269	2,269	-	-	-	-	-	-	-	-	-
Southeast	173,877	55,541	408	84,317	380	7,470	1,484	8,807	294	15,273	5
Atlanta	47,295	21,501	57	25,693	28	4,652	217	271	-	-	-
Birmingham	41,502	15,795	383	22,043	324	2,418	44	194	269	-	-
Greensboro	242,817	35,547	363	193,831	31	11,502	245	923	383	-	-
Jackson	78,218	38,752	108	39,002	108	30,788	654	734	173	-	-
Jacksonville	342,842	188,743	5,335	96,938	4,237	32,788	1,148	1,057	2,386	-	-
Nashville	127,399	33,837	200	66,043	536	24,109	239	1,965	370	-	-
Atlanta Service Center	4,194	4,194	-	-	-	-	-	-	-	-	-
Memphis Service Center	6,929	6,929	-	-	-	-	-	-	-	-	-
Central	157,606	30,091	574	114,840	124	9,815	1,139	601	435	187	-
Cincinnati	304,543	33,866	516	240,898	-	17,368	1,660	8,664	1,358	213	-
Cleveland	433,796	60,769	397	332,497	880	28,591	3,171	6,386	905	210	-
Indianapolis	112,458	25,056	100	57,454	291	17,289	10,592	956	717	-	-
Louisville	90,310	20,328	1,581	58,819	89	5,372	290	560	271	-	-
Parkersburg	37,968	16,704	65	16,615	1,029	2,824	340	187	224	-	-
Cincinnati Service Center	2,237	2,237	-	-	-	-	-	-	-	-	-
Midwest	8,769	4,990	-	1,860	1,602	411	19	187	-	-	-
Aberdeen	533,778	117,320	3,596	366,039	1,605	30,301	937	6,938	1,813	5,129	-
Des Moines	84,134	27,998	1,317	37,327	140	15,846	696	405	407	-	-
Fargo	12,367	5,445	27	4,837	9	1,783	193	39	34	-	-
Milwaukee	171,599	28,103	535	131,440	22	7,921	2,065	1,129	304	-	-
Omaha	47,367	18,835	506	17,382	38	7,876	2,967	239	146	-	-
St. Louis	143,390	51,602	305	64,528	2,035	21,102	1,479	757	531	1,551	-
St. Paul	163,438	38,145	131	109,103	33	12,128	1,583	878	342	1,095	-
Springfield	91,442	29,259	164	40,576	326	18,514	1,386	3,019	198	-	-
Kansas City Service Center	2,394	2,394	-	-	-	-	-	-	-	-	-
Southeast	13,886	7,979	96	2,078	839	2,426	38	192	38	-	-
Albuquerque	395,788	85,254	1,700	256,919	17	46,757	1,365	1,658	2,118	-	-
Cheyenne	14,583	6,641	8	5,349	1,378	1,121	21	65	-	-	-
Dallas	316,354	66,686	3,027	208,016	439	28,896	3,284	952	1,303	4,350	1
Denver	104,588	26,583	80	63,247	10	9,185	541	4,395	567	-	-
Little Rock	30,947	14,204	25	10,982	6	4,521	161	559	185	-	-
New Orleans	207,923	40,632	182	131,938	1,299	30,913	415	2,055	489	-	-
Oklahoma City	110,927	27,575	64	61,928	384	17,877	705	2,303	93	-	-
Wichita	65,252	19,219	124	34,283	21	7,579	999	2,243	784	-	-
Austin Service Center	2,479	2,479	-	-	-	-	-	-	-	-	-
Western	28,288	17,821	3,138	6,406	12	274	-	45	592	-	-
Anchorage	22,375	9,660	35	9,424	-	2,895	188	94	89	-	-
Boise	11,029	7,136	27	1,338	121	1,409	426	332	240	-	-
Honolulu	36,820	10,464	8	24,907	3	1,547	8	74	130	-	-
Los Angeles	513,497	199,874	991	267,630	1,063	38,114	1,299	1,105	1,386	2,035	-
Phoenix	68,578	31,763	238	28,596	238	6,704	260	133	670	-	-
Portland	71,152	25,972	199	33,789	16	9,230	516	574	-	-	-
Reno	47,182	28,811	396	16,707	7	2,664	323	245	39	-	-
Salt Lake City	52,984	21,693	65	29,648	-	701	2	244	331	-	-
San Francisco	459,088	189,296	1,318	223,283	91	33,274	3,653	2,997	2,450	1,078	1,885
Seattle	131,532	41,515	883	62,712	88	29,499	3,388	824	385	2,140	198
Ogden Service Center	2,015	2,015	-	-	-	-	-	-	-	-	-
Fresno Service Center	5,927	5,927	-	-	-	-	-	-	-	-	-
North-Atlantic	1,870,661	1,644,104	22,113	8,197	107,363	10,816	27,097	5,897	72,191	31,332	20,102
North-Atlantic	297,204	247,294	2,670	1,253	2,026	4,967	1,350	8,436	2,820	3,674	3,242
Mid-Atlantic	232,606	199,892	2,384	938	13,648	1,285	3,349	647	6,988	2,640	2,290
Southeast	296,895	257,232	2,776	1,074	14,846	3,103	895	248	1,888	822	1,027
Central	191,078	152,589	2,394	1,246	11,936	1,341	3,427	774	8,015	2,461	1,949
Midwest	232,695	200,460	3,168	1,787	16,236	1,853	4,274	765	12,985	4,573	3,710
Southwest	236,191	183,448	2,815	945	16,407	1,299	2,913	807	13,187	5,032	1,559
Western	147,318	131,114	1,167	1,321	11,637	1,114	636	11,037	6,531	3,819	4,153
International Operations	16,603	15,475	7	863	16	210	53	41	1,210	-	-
North-Atlantic Region	11,030	9,183	119	65	662	41	294	123	408	135	-
Albany	5,871	4,224	72	57	551	48	95	16	576	232	-
Boston	46,584	35,996	472	306	3,339	245	895	248	1,888	824	1,027
Brooklyn	66,480	57,697	437	79	2,930	699	1,021	200	1,834	87	-
Buffalo	30,328	24,583	499	125	2,236	135	673	181	1,391	565	-
Burlington	3,484	2,670	28	13	281	28	36	24	186	218	-
Hartford	25,218	20,172	431	189	1,789	221	734	215	1,079	399	-
Manhattan	64,578	52,215	836	382	4,677	542	1,251	219	1,483	300	1,263
Portland	4,284	3,354	54	27	372	39	62	15	318	53	-
Providence	5,103	3,576	72	10	88	41	106	18	26	117	-
Andover Service Center	11,274	11,274	-	-	-	-	-	-	-	-	-
Brookhaven Service Center	22,950	22,950	-	-	-	-	-	-	-	-	-
Mid-Atlantic Region	46,995	38,215	338	118	2,192	117	702	114	2,041	752	1,254
Baltimore	60,142	50,478	671	166	3,688	543	1,004	210	1,676	572	461
Philadelphia	40,496	38,919	501	438	3,075	195	589	63	1,055	365	575
Pittsburgh	23,383	19,925	382	75	1,650	108	559	118	1,127	439	-
Richmond	38,548	33,552	433	77	2,463	293	353	94	999	498	-
Wilmington	15,443	4,504	69	54	570	29	133	18	88	56	-
Philadelphia Service Center	11,499	11,499	-	-	-	-	-	-	-	-	-
Southeast Region	45,126	34,687	369	164	2,550	240	308	223	1,763	354	2,461
Atlanta	26,748	23,328	251	78	1,333	133	185	74	1,065	291	-
Birmingham	17,454	15,134	204	39	1,034	129	161	50	270	326	-
Greensboro	36,431	29,179	320	63	2,989	179	1,600	179	1,600	799	-
Jackson	18,733	16,127	219	39	924	88	174	147	757	682	-
Jacksonville	79,506	67,243	882	566	3,878	768	1,488	246	3,641	864	-
Nashville	33,355	26,284	531	85	1,837	172	326	53	1,398	669	-
Atlanta Service Center	21,052	21,052	-	-	-	-	-	-	-	-	-
Memphis Service Center	21,388	21,388	-	-	-	-	-	-	-	-	-
Central Region	27,661	20,029	<								

Table 11.—Returns examined by examination division

	1980	1981
Number of returns examined by examination division	2,179,297	1,830,292
Returns with adjustments proposed by examination division	1,638,790	1,512,185
Returns without adjustments proposed by examination division	540,507	418,107
Disposition of examined returns	2,179,297	1,830,292
Agreed, paid or defaulted	1,997,302	1,729,612
Transferred to regional appeals offices	84,849	92,808
Petitioned, statutory notices	18,411	27,298
Other	78,737	80,573

*Includes quick assessments and cases transferred to Justice Department.

Table 12.—Overassessments of tax as the result of examination (Exclusive of claims for refund)

	Number of Returns		Amount Recommended (In thousands of dollars)	
	1980	1981	1980	1981
Total	130,132	114,994	\$375,879	\$395,480
Individual	106,093	95,183	95,784	112,440
Fiduciary	1,479	1,401	7,556	7,236
Corporation	10,985	8,541	215,980	214,215
Estate	4,138	4,078	40,856	51,389
Gift	366	181	2,852	1,274
Excise	3,973	1,900	7,242	3,671
Employment	3,398	3,710	4,300	5,276

Table 13.—Results of collection activity (In thousands)

	1980	1981
Taxpayer Delinquent Accounts:		
Opening inventory	1,072	1,204
Issuances	2,404	2,412
Dispositions	2,272	2,180
Closing inventory		
(a) Number of accounts	1,204	1,436
(b) Balance of assessed tax, penalty and interest	\$3,630,892	\$4,678,653
Delinquent Return Investigations:		
Opening inventory	446	540
Issuances	1,037	1,112
Dispositions	843	1,012
Closing inventory	540	640
Returns Compliance Investigations Closed:		
Miscellaneous Investigations Closed	137	84
Offers in Compromise Processed:		
Offers in Compromise Processed	2	2
Enforcement Activity:		
Notices of federal tax lien filed	445	503
Notices of levy served upon third parties	611	740
Seizures of property made	9	9

Table 14.—Civil penalties assessed and abated (Dollars in thousands)

	Assessments		Abatements		Net Penalties	
	Number	Amount	Number	Amount	Number	Amount
Individual						
Delinquency	1,215,793	290,753	151,793	65,632	1,064,000	225,122
Estimated tax	5,269,688	630,444	230,953	54,439	5,038,735	575,983
Failure to pay	5,434,185	188,306	644,974	22,204	4,789,211	166,102
Bad check	157,800	1,480	5,453	223	152,347	1,257
Fraud	9,255	44,678	333	7,748	8,922	36,931
Negligence	122,078	15,928	2,252	1,064	119,826	14,864
Other ¹	9,643	855	470	54	8,173	801
Totals	12,208,642	1,180,245	1,045,228	151,349	11,163,414	1,028,897
Corporation²						
Delinquency	143,478	188,666	28,766	162,038	114,712	26,628
Estimated tax	321,548	160,406	45,197	58,069	276,351	102,337
Failure to pay	249,574	77,613	68,054	60,234	181,520	17,379
Bad check	2,763	65	135	24	2,628	41
Fraud	532	7,591	42	909	490	6,682
Negligence	3,647	5,198	92	365	3,555	4,834
Miscellaneous	65	70	8	7	57	63
Totals	721,807	439,609	142,294	281,646	579,513	157,963
Employment³						
Delinquency	2,304,041	395,551	182,367	76,933	2,121,674	318,618
Miscellaneous	663	268	250	83	413	185
Failure to pay	3,019,800	135,306	507,354	39,956	2,512,446	95,350
Federal tax deposits	2,772,368	507,717	323,218	148,251	2,449,150	359,466
Bad check	130,372	2,961	2,143	943	128,229	2,019
Fraud	1,436	2,218	53	33	1,385	2,184
Negligence	171	34	37	26	134	8
Totals	8,228,953	1,044,054	1,015,402	286,224	7,213,551	777,830
Excise⁴						
Delinquency	320,109	20,808	23,845	6,068	296,264	14,741
Daily delinquency	13,251	28,393	10,674	23,499	2,577	2,893
Failure to pay	238,072	21,513	63,199	7,754	174,873	13,778
Federal tax deposits	41,162	11,080	4,625	7,366	36,537	3,715
Bad check	3,380	22	96	1	3,284	21
Fraud	854	2,375	31	105	823	2,270
Negligence	128	59	25	51	103	8
Totals	616,936	82,241	102,595	44,824	514,341	37,417
Estate and Gift						
Delinquency	16,174	49,943	5,419	36,831	10,755	13,111
Miscellaneous	6	10	1	1	5	8
Failure to pay	28,449	27,425	17,292	20,870	11,217	6,456
Bad check	434	102	80	349	35	22
Fraud	19	1,640	4	25	15	1,615
Negligence	32	22	3	2	29	20
Totals	45,114	79,142	22,744	57,810	22,370	21,231
Tax Return Preparers' Penalty⁵						
Failure to sign and failure to provide tax identification numbers	6,274	630	9,939	1,793	-3,665	-1,163
All Other⁶						
Delinquency	171,420	92,883	87,187	61,485	84,233	31,398
Failure to pay	81,720	3,172	24,290	1,757	57,430	1,415
Bad check	1,381	12	79	5	1,302	6
Negligence	56	8	1	55	1	8
Miscellaneous	34,558	55,178	22,926	36,432	11,632	18,746
Totals	289,115	151,253	134,453	99,679	134,662	51,574
Total All Civil Penalties	22,097,041	2,977,173	2,472,655	603,424	19,624,386	2,073,748

Note: Amounts may not add, due to rounding. With the exception of estimated tax, penalties can apply to any tax year. Abatements can apply to any tax year.

¹ Less than \$500.

² Includes taxpayer identification number, failure to report tips, miscellaneous.

³ Includes Forms 1120, 990C and 990T.

⁴ Includes Forms 940, 941, 942, 943 and CT-1.

⁵ Includes Forms 1041A, 5227, 990PF, 4720, 990, 4638, 2290, 11, 11B, 11C, 720 and 730.

⁶ Includes negligence and miscellaneous.

⁷ Penalties are from processing of individual returns only and do not reflect other penalties assessable under the Tax Reform Act of 1976, Code sections 6694 and 6695.

⁸ Includes Forms 1041, 1065 and individual retirement account file.

Table 15.—Appeals division receipt and disposition of cases not before the Tax Court (nondocketed)

A. Progress of work			
Status	Amount stated in revenue agent's report (in thousands of dollars)		
	Number of Cases ¹	Deficiency and penalty (2)	Over assessment (3)
Pending October 1.....	^a 25,009	7,156,014	179,458
Received.....	43,161	5,702,447	102,974
Disposed of, total.....	40,805	2,984,140	69,066
By agreement.....	31,064	2,290,742	56,478
Unagreed (Overassessments, claims, excise, employment and offer-in-compromise rejections).....	1,606	41,696	1,499
By taxpayer default on statutory notice.....	2,694	143,658	3,002
Petition filed, transferred to Counsel.....	5,441	508,044	8,087
Pending September 30.....	27,365	9,674,321	213,366
B. Results			
Status	Appeals determination (in thousands of dollars)		
	Number of Cases ¹	Deficiency and penalty (2)	Over assessment (3)
Disposed of, total.....	40,805	1,291,124	223,208
By agreement.....	31,064	693,458	223,574
Unagreed (Overassessments, claims, excise, employment and offer-in-compromise rejections).....	1,606	45,844	822
By taxpayer default on statutory notice.....	2,694	43,978	725
Petition filed, transferred to Counsel.....	5,441	508,044	8,087

¹ A case represents taxpayers grouped together by tax periods with common or related issues that may be heard and disposed of together.

^a Data revised from previous annual report.

Table 16.—Appeals division receipt and disposition of income, estate and gift tax cases petitioned to the Tax Court (docketed)

A. Progress of work			
Status	Amount stated in statutory notice (in thousands of dollars)		
	Number of Cases ¹	Deficiency and penalty (2)	Over assessment (3)
Pending October 1.....	^a 9,000	1,143,073	17,490
Received.....	15,344	1,186,717	3,127
Disposed of, total.....	12,455	632,229	1,755
Agreed in Appeals.....	6,159	168,031	591
Dismissed, lack of jurisdiction.....	957	6,761	590
Unagreed, transferred to Counsel's sole jurisdiction.....	5,339	457,437	674
Pending September 30.....	11,889	1,697,561	18,852
B. Results obtained in dispositions			
Method	Appeals determination (in thousands of dollars)		
	Number of Cases ¹	Deficiency and penalty (2)	Over-assessment (3)
Disposed of, total.....	12,455	504,506	5,475
Agreed in Appeals.....	6,159	44,565	4,301
Dismissed, lack of jurisdiction.....	957	2,504	500
Unagreed, transferred to Counsel's sole jurisdiction.....	5,339	457,437	674

¹ A case represents taxpayers grouped together by tax periods with common or related issues that may be heard and disposed of together.

^a Data revised from previous annual report.

Table 17.—Requests for tax rulings and technical advice (closings)—EP/EO

Subject	Total	Taxpayer Requests	Field Requests
Total.....	8,432	7,963	469
Actual Matters.....	3,044	3,044	40
Exempt Organizations.....	3,907	3,660	247
Employee Plans.....	1,481	1,299	182

Table 18.—Determination letters issued on ERISA employee benefit plans

Letters issued	Defined Contribution ¹	ESOP	Total Defined Contribution	Defined Benefit	Total
Initial Qualifications:					
Qualified.....	56,263	98	56,361	22,292	78,653
Participating Employees.....	1,645,495	51,627	1,697,122	2,418,478	4,115,598
Not Qualified.....	29	0	29	15	44
Amendments:					
Qualified.....	22,711	122	22,833	17,887	40,720
Not Qualified.....	22	0	22	6	28
Terminations:					
Qualified.....	8,448	- ²	8,448	4,444	12,892
Not Qualified.....	26	- ²	26	7	33

¹ Includes stock bonus, money purchase and profit sharing plans.

² Information not available.

Table 19.—Number of exempt organization returns examined by type

	FY 1981
501(c)(2)..... Private Foundation.....	3,282
501(c)(3)..... Nonexempt Charitable Trust.....	582
501(c)(4)..... All Others.....	6,536
501(c)(5)..... Labor, Agriculture, Horticulture.....	2,597
501(c)(6)..... Business Leagues.....	1,263
501(c)(7)..... Social and Recreational Clubs.....	1,551
501(c)..... All Others.....	1,528
521..... Farmers' Cooperative.....	2,264
Total.....	499
	20,102

Table 20.—Number of active entities on exempt organizations master file

	1980	1981
IRC Section 501(c):		
(1) Corporations Organized Under Act of Congress	42	45
(2) Trustholding Corp.	5,358	5,355
(3) Religious, Charitable, etc.	319,942	327,758
(4) Social Welfare	129,553	129,101
(5) Labor, Agriculture Organizations	85,774	84,189
(6) Business Leagues	48,717	48,008
(7) Social and Recreation Clubs	51,922	51,958
(8) Fraternal Beneficiary Societies	137,449	135,798
(9) Voluntary Employees' Beneficiary Societies	7,738	7,995
(10) Domestic Fraternal Beneficiary Societies	16,178	15,995
(11) Teachers' Retirement Fund	12	11
(12) Benevolent Life Insurance Assn.	4,045	4,973
(13) Cemetery Companies	5,947	6,085
(14) Credit Unions	5,639	5,865
(15) Mutual Insurance Companies	1,140	1,099
(16) Corp. to Finance Crop Operation	22	22
(17) Supplemental Unemployment Benefit Trusts	806	798
(18) Employee Funded Pension Trust	4	4
(19) War Veterans' Organizations	22,247	21,858
(20) Legal Service Organizations	46	61
(21) Black Lung Trusts	4	4
501(d) Religious and Apostolic Organizations	67	58
501(e) Cooperative Hospitals	-	112
501(f) Coop. Service Org. of Operating Educational Org.	-	-
521 Farmers' Cooperatives	2,885	2,960
Total	846,433	851,012

* This figure does not represent a true universe of section 501(c)(3) organizations because certain organizations, such as churches, their integrated auxiliaries and conventions or associations of churches, need not apply for recognition of exemption unless they desire to receive a ruling. When issued the ruling letter goes to the central organization, but it covers all of its subordinate units. Only the central organization is established on the exempt organizations master file where it is counted as one entity in the figure as stated above. However, this one ruling may represent a large number of subordinate units, as in the case of larger religious sects. An exception are subordinate units considered nongovernmental auxiliaries, which are established and included in the above figures since they may be required to file information returns as prescribed under IRC sec. 6033.

Table 21.—Disposal of exempt organizations applications

	Applications for Determination			Total
	Approved	Denied	Other ¹	
IRC Section 501(c):				
(1) Corporations Organized Under Act of Congress	-	-	1	1
(2) Trustholding Corp.	152	10	91	253
(3) Religious, Charitable, etc.	26,763	913	10,082	37,758
(4) Social Welfare	2,675	144	908	3,727
(5) Labor, Agriculture Org.	436	18	128	582
(6) Business Leagues	1,794	121	443	2,358
(7) Social and Recreation Clubs	1,186	146	614	1,956
(8) Fraternal Beneficiary Societies	27	9	27	63
(9) Voluntary Empl. Beneficiary Societies	712	4	202	918
(10) Domestic Fraternal Societies	40	6	58	104
(11) Teachers' Retirement Fund	-	-	-	-
(12) Benevolent Life Insurance Assn.	139	15	88	242
(13) Cemetery Companies	225	7	49	281
(14) Credit Unions	10	-	3	13
(15) Mutual Insurance Companies	19	3	8	30
(16) Corp. to Finance Crop Operations	-	-	-	-
(17) Supplemental Unemployment Benefit Trusts	35	1	8	44
(18) Employee Funded Pension Trust	-	-	-	-
(19) War Veterans' Organizations	67	1	54	122
(20) Legal Service Organizations	18	-	36	54
(21) Black Lung Trusts	3	-	1	4
501(d) Apostolic and Religious Organizations	1	-	27	28
501(e) Cooperative Hospitals	2	-	2	4
501(f) Coop. Service Org. of Operating Educational Org.	-	-	-	-
521 Farmers' Cooperatives	76	-	31	111
4947(A) Nonexempt Charitable Trusts	4	15	1	20
National Office Rulings and Determination Letters	2,432	221	1,007	3,660
Grand Total	36,854	1,639	13,853	52,346

¹ Applications withdrawn by taxpayer, incomplete applications, etc.

Table 22.—Internal revenue collections, costs, employees and U.S. population

Fiscal year	Operating cost (1)	Collections (2)	Cost of collecting \$100 (3)	Population (Thousands) (4)	Tax per capita (5)	Average positions realized		
						Total (6)	National Office (7)	Field (8)
1952	271,872,162	65,009,585,560	0.42	157,553	412.62	56,309	3,853	52,356
1953	266,590,806	66,665,535,389	0.38	162,184	425.00	53,463	3,634	49,629
1954	266,969,107	66,919,990,791	0.39	163,026	428.89	51,411	2,707	48,704
1955	278,834,278	66,288,682,000	0.42	165,931	399.50	50,880	2,875	48,215
1956	299,894,710	75,112,849,000	0.40	168,903	444.71	50,682	2,583	48,099
1957	305,537,814	80,171,917,000	0.38	171,884	466.16	51,364	2,832	48,532
1958	337,428,789	78,978,478,484	0.42	174,882	457.33	50,818	2,909	47,907
1959	355,469,228	78,787,672,606	0.44	177,830	448.73	51,226	2,969	48,257
1960	363,735,358	81,774,802,823	0.40	180,671	507.96	51,047	2,910	48,137
1961	413,235,238	84,401,086,388	0.44	183,691	513.91	53,206	3,042	50,164
1962	450,080,420	99,440,839,245	0.45	186,538	533.09	56,481	3,401	53,080
1963	500,884,314	105,825,395,281	0.47	188,242	559.74	59,711	3,657	56,054
1964	549,695,131	112,250,297,115	0.49	191,869	585.03	61,059	3,839	57,220
1965	587,387,471	114,434,633,721	0.52	194,303	588.95	62,098	3,881	58,217
1966	624,861,929	128,979,861,342	0.56	196,560	655.48	63,508	3,902	59,606
1967	667,080,295	148,374,814,552	0.45	198,712	746.68	65,946	3,694	62,052
1968	699,190,304	153,363,837,665	0.46	200,706	765.48	67,574	3,867	63,607
1969	758,765,475	167,919,559,660	0.40	202,677	827.19	66,054	3,862	62,002
1970	886,158,162	195,722,096,497	0.45	204,878	955.31	68,683	4,103	64,580
1971	981,065,297	191,647,180,138	0.51	207,053	926.63	68,972	4,258	64,714
1972	1,127,390,411	209,855,736,678	0.54	208,846	1,004.83	68,549	4,134	64,415
1973	1,162,009,945	237,787,204,058	0.49	210,410	1,120.11	74,170	4,505	69,665
1974	1,312,895,561	266,952,253,563	0.49	211,901	1,262.92	78,821	4,310	74,511
1975	1,584,711,486	293,822,725,772	0.54	212,559	1,375.84	82,339	4,531	77,808
1976	1,657,311,880	302,519,291,922	0.56	215,142	1,406.14	84,264	4,732	79,532
1977	1,790,588,738	358,139,416,730	0.50	217,329	1,847.91	83,743	4,994	78,749
1978	1,962,129,267	389,776,389,362	0.49	219,033	1,826.61	85,329	4,919	80,410
1979	2,116,165,276	460,412,185,013	0.46	220,999	2,083.32	86,168	5,078	81,090
1980	2,280,838,622	519,375,273,361	0.44	223,383	2,325.04	87,484	5,114	82,350
1981	2,465,468,704	606,799,120,630	0.41	225,865	2,888.55	86,156	5,110	81,046

* This figure represents actual IRS operating costs from FY 1975, exclusive of reimbursements received from other agencies for services performed. While the operating cost figures for fiscal years prior to 1975 may in some case include reimbursements, those amounts are small and do not alter the cost figures in column 3.

—Economic stabilization program average positions included in 1972, 1973 and 1974.

—Federal energy program average positions included in 1974.

—1972 adjusted by 3,990 average positions to reflect the AT&F transfer—July 1972. AT&F included in years 1948–71.

—Eleven average positions transferred to Office of the Secretary in 1965. Twenty average positions transferred to Office of the Secretary in 1963.

Table 23.—Costs incurred by the Internal Revenue Service by activity (In thousands of dollars)

Appropriation by activity	Total		Personnel Compensation and Benefits		Other	
	1980	1981	1980	1981	1980	1981
Total obligations, appropriations and reimbursable	2,291,776	2,480,576	1,795,130	1,942,751	496,646	537,825
Obligations against appropriated funds	2,290,839	2,455,469	1,796,551	1,930,100	494,288	535,279
Salaries and expenses:						
Total	148,045	162,194	126,238	137,335	21,809	24,859
Executive direction	12,977	17,627	10,234	11,373	2,743	6,254
Internal audit and security	33,849	36,113	28,357	29,832	5,492	6,281
Management services	23,700	25,807	18,445	21,535	4,885	4,152
Legal services	53,858	58,405	48,617	52,816	5,241	5,589
Technical rulings and services	24,031	24,362	20,583	21,779	3,448	2,583
Taxpayer service and returns processing:						
Total	787,866	829,461	533,068	558,535	254,798	270,926
Data processing operations	559,281	592,764	426,474	443,851	142,807	150,103
Statistical reporting	14,898	17,544	12,422	14,418	2,476	3,126
Taxpayer service	203,687	218,153	94,172	100,456	109,515	117,597
Examinations and appeals:						
Total	839,387	901,542	705,391	757,328	133,996	144,214
Examinations	779,637	836,416	636,975	700,067	127,660	136,400
Appeals	59,750	65,126	53,416	57,321	6,334	7,805
Investigations and collection:						
Total	505,541	572,272	421,856	476,992	83,685	95,280
Tax fraud investigations	140,831	153,927	116,732	126,682	23,899	27,245
Collection	287,547	349,410	281,436	349,442	4,842	57,872
Employee plans/exempt organizations	66,963	68,935	56,819	56,872	10,144	10,963
Reimbursable obligations, total	10,937	15,107	8,579	12,560	2,358	2,540

Table 24.—Costs incurred by the Internal Revenue Service by office
(In thousands of dollars)

Internal revenue office, district or region	Total	Personnel Compensation	Travel	Equipment	Other
(1)	(2)	(3)	(4)	(5)	
A. Total Internal Revenue Service	2,480,576	1,942,759	63,493	23,773	450,551
National Office	469,906	155,804	4,565	10,066	299,471
North-Atlantic	320,137	285,576	6,207	1,892	25,472
Mid-Atlantic	219,993	261,306	4,740	13,473	14,300
Southeast	264,369	231,810	8,676	1,653	22,231
Central	196,973	176,119	6,501	2,103	14,250
West	239,236	215,952	7,732	13,790	10,492
Southwest	248,027	218,787	9,675	2,034	17,531
Western	375,180	332,564	10,865	3,634	28,117
Regional Counsel	28,258	36,684	562	793	1,278
Regional Inspection	28,258	25,057	2,196	102	903
Office of International Operations	19,069	15,617	1,678	24	1,752
National Computer Center	17,535	9,419	17	129	7,971
IRS Data Center	32,174	28,065	92	105	3,912
B. Regional commissioner's offices (excluding district directors' offices and service centers)					
North-Atlantic	21,751	18,581	527	409	2,235
Mid-Atlantic	16,194	14,673	297	81	1,143
Southeast	15,839	12,569	1,079	13	2,158
Central	14,944	13,326	462	165	991
West	16,878	14,572	1,118	118	1,054
Southwest	17,229	14,802	1,271	225	931
Western	24,918	20,015	1,911	355	2,636
C. District directors' offices and service centers:					
North-Atlantic:					
Albany	10,024	8,827	438	66	674
Augusta	5,052	4,507	271	24	251
Boston	37,068	33,829	1,010	136	1,993
Brooklyn	36,242	34,057	584	241	1,360
Buffalo	21,770	19,431	772	91	1,476
Burlington	2,818	2,442	178	19	179
Hartford	16,817	17,390	589	43	789
Manhattan	68,881	65,881	937	305	2,658
Portsmouth	4,484	4,002	201	12	269
Providence	6,110	5,619	199	14	278
North-Atlantic Region Centralized Training	267	257	—	10	—
Andover Service Center	48,285	40,511	128	218	5,527
Brookhaven Service Center	48,464	40,299	116	278	7,771
Mid-Atlantic:					
Baltimore	31,077	29,065	633	106	1,273
Newark	46,785	43,959	1,139	21	1,666
Philadelphia	35,622	33,375	776	75	1,195
Pittsburgh	18,996	17,570	564	55	806
Richmond	20,463	18,415	946	47	1,085
Washington	4,255	3,971	104	17	163
Mid-Atlantic Region Centralized Training	688	558	1	2	127
Philadelphia Service Center	190	—	187	—	—
Southeast:					
Atlanta	45,697	39,520	97	70	6,010
Birmingham	32,553	28,602	1,541	165	2,245
Columbia	14,041	12,537	732	109	662
Greensboro	9,212	8,306	469	81	355
Jackson	21,304	19,395	1,042	53	814
Jacksonville	8,749	7,838	49	304	—
Nashville	49,818	44,728	1,916	565	2,609
Southwest Region Centralized Training	18,087	16,290	605	91	901
Atlanta Service Center	289	—	287	2	—
Memphis Service Center	49,805	42,952	125	214	6,513
Central:					
Cincinnati	44,663	38,565	122	313	5,663
Cleveland	23,375	21,056	819	83	1,420
Columbia	30,303	27,571	1,065	311	1,356
Detroit	41,842	37,995	1,583	204	2,060
Indianapolis	20,886	18,442	844	106	1,495
Louisville	13,676	12,280	794	143	659
Parkinson	7,612	6,749	444	73	346
Central Region Centralized Training	330	—	329	—	1
Cincinnati Service Center	45,805	38,701	164	1,018	5,922

Table 24.—Continued
(In thousands of dollars)

Internal revenue office, district or region	Total	Personnel Compensation	Travel	Equipment	Other
(1)	(2)	(3)	(4)	(5)	
Midwest:					
Abbeville	3,798	3,314	296	5	183
Chicago	58,096	54,494	1,540	82	1,981
Des Moines	12,803	11,598	552	36	616
Fargo	3,585	3,125	251	5	205
Minneapolis	18,099	16,710	605	14	771
Omaha	8,520	7,677	432	19	392
St. Louis	28,501	26,025	1,170	71	1,234
St. Paul	22,597	20,784	880	9	613
Springfield	14,083	12,728	656	5	695
Midwest Region Centralized Training	257	254	—	—	—
Kansas City Service Center	51,020	44,917	150	410	5,543
Southwest:					
Albuquerque	5,782	5,250	301	26	206
Austin	44,194	39,885	1,887	639	1,779
Cheyenne	3,169	2,665	313	44	147
Dallas	44,581	39,551	1,753	216	2,061
Denver	17,513	15,501	823	112	977
Little Rock	8,895	8,569	560	40	525
New Orleans	18,057	16,138	794	113	1,013
Oklahoma City	16,182	14,576	723	94	768
Wichita	12,208	11,001	581	62	562
Southwest Region Centralized Training	473	423	—	—	50
Austin Service Center	58,657	50,652	246	463	7,536
Western:					
Anchorage	5,966	5,075	362	51	478
Boise	5,467	4,784	287	42	243
Helena	4,272	3,772	279	33	188
Honolulu	6,656	6,167	205	35	249
Los Angeles	86,098	78,230	2,797	1,015	4,056
Phoenix	12,984	11,768	499	119	568
Portland	13,957	12,318	563	138	937
Reno	8,513	7,705	318	63	426
Salt Lake City	5,575	6,010	252	49	264
San Francisco	58,614	53,129	1,857	817	3,010
Seattle	21,954	19,602	904	173	1,074
Western Region Centralized Training	340	—	298	—	41
Ogden Service Center	54,412	47,715	171	291	6,234
Fresno Service Center	64,457	56,063	162	653	7,579

Note: Reimbursements are included in the above figures.

Table 25.—Personnel summary

Location and type	Average positions realized		Number employees at close of year	
	1980	1981	1980	1981
Service total	88,010	86,860	86,470	85,872
Permanent	72,513	69,718	70,980	70,069
Temporary	15,497	17,142	15,490	15,803
National Office*	5,126	5,124	4,874	4,930
Regional offices†	82,884	81,736	81,496	80,742
Data processing operations	27,102	26,521	25,250	23,512
Collection	9,932	11,388	11,192	12,301
Revenue officers	5,542	5,312	5,469	5,342
Other	4,390	6,076	5,723	6,959
Taxpayer service	4,974	4,710	5,181	5,169
Taxpayer service specialists	671	645	665	653
Taxpayer service representatives	1,070	932	1,051	925
Other	3,233	3,133	3,465	3,581
Examination	23,360	22,716	23,165	23,343
Revenue agents	13,732	13,184	13,581	12,492
Tax auditors	4,592	4,032	4,459	4,580
Other	5,036	5,500	5,125	5,271
Employee plans/exempt organizations	1,470	1,363	1,497	1,333
EP/EO technicals	1,235	1,136	1,186	1,097
Other	235	227	241	236
Appeals	1,709	1,698	1,730	1,680
Appeals officers	857	835	838	827
Auditors	128	132	129	132
Other	724	721	763	720
Tax fraud	3,686	3,775	3,819	3,782
Special agents	2,805	2,744	2,782	2,730
Other	1,081	1,031	1,037	1,052
Resources management	3,644	3,722	3,816	3,784
Centralized services	4,168	3,825	4,082	3,813
Regional counsel	1,149	1,177	1,162	1,190
Regional inspection	910	851	918	825

Note: Reimbursements are included in above figures.

*Includes terminal leave for average positions realized for entire Service.

†Includes office of International Operations, National Computer Center and the Data Center.

Commissioners of Internal Revenue

Office of Commissioner of Internal Revenue
created by Act of Congress, July 1, 1962.

George S. Boutwell
Massachusetts
July 17, 1862 / Mar. 4, 1863

Joseph J. Lewis
Pennsylvania
Mar. 18, 1863 / June 30, 1865

William Orton
New York
July 1, 1865 / Oct. 31, 1865

Edward A. Rollins
New Hampshire
Nov. 1, 1865 / Mar. 10, 1869

Columbus Delano
Ohio
Mar. 11, 1869 / Oct. 31, 1870

Alfred Pleasonton
New York
Jan. 3, 1871 / Aug. 8, 1871

John W. Douglass
Pennsylvania
Aug. 9, 1871 / May 14, 1875

Daniel D. Pratt
Indiana
May 15, 1875 / July 31, 1876

Green B. Raun
Illinois
Aug. 2, 1876 / Apr. 30, 1880

Walter Evans
Kentucky
May 21, 1883 / Mar. 19, 1885

Joseph S. Miller
West Virginia
Mar. 20, 1885 / Mar. 20, 1889

John W. Mason
West Virginia
Mar. 21, 1889 / Apr. 18, 1893

Joseph S. Miller
West Virginia
Apr. 19, 1893 / Nov. 26, 1896

W. St. John Forman
Illinois
Nov. 27, 1896 / Dec. 31, 1897

Nathan B. Scott
West Virginia
Jan. 1, 1898 / Feb. 28, 1899

George W. Wilson
Ohio
Mar. 1, 1899 / Nov. 27, 1900

John W. Yerkes
Kentucky
Dec. 20, 1900 / Apr. 30, 1907

John G. Capers
South Carolina
June 5, 1907 / Aug. 31, 1909

Royal E. Cabell
Virginia
Sept. 1, 1909 / Apr. 27, 1913

William H. Osborn
North Carolina
Apr. 28, 1913 / Sept. 25, 1917

Daniel C. Roper
South Carolina
Sept. 26, 1917 / Mar. 31, 1920

William M. Williams
Alabama
Apr. 1, 1920 / Apr. 11, 1921

David H. Blair
North Carolina
May 27, 1921 / May 31, 1929

Robert H. Lucas
Kentucky
June 1, 1929 / Aug. 15, 1930

David Burnet
Ohio
Aug. 20, 1930 / May 15, 1933

Guy T. Helevering
Kansas
June 6, 1933 / Oct. 8, 1943

Robert E. Hannegan
Missouri
Oct. 9, 1943 / Jan. 22, 1944

Joseph D. Nunan, Jr.
New York
Mar. 1, 1944 / June 30, 1947

George J. Schoeneman
Rhode Island
July 1, 1947 / July 31, 1951

John B. Duniap
Texas
Aug. 1, 1951 / Nov. 18, 1952

T. Coleman Andrews
Virginia
Feb. 4, 1953 / Oct. 31, 1955

Russell C. Harrington
Rhode Island
Dec. 5, 1955 / Sept. 30, 1958

Dana Latham
California
Nov. 5, 1958 / Jan. 20, 1961

Mortimer M. Caplin
Virginia
Feb. 7, 1961 / July 10, 1964

Sheldon S. Cohen
Maryland
Jan. 25, 1965 / Jan. 20, 1969

Randolph W. Thrower
Georgia
Apr. 1, 1969 / June 22, 1971

Johnnie M. Walters
South Carolina
Aug. 6, 1971 / Apr. 30, 1973

Donald C. Alexander
Ohio
May 25, 1973 / Feb. 26, 1977

Jerome Kurtz
Pennsylvania
May 5, 1977 / Oct. 31, 1980

Roscoe L. Egger, Jr.
Indiana
March 14, 1981

The following were Acting Commissioners during periods of time when there was no Commissioner holding the office:

Joseph J. Lewis of Pennsylvania from Mar. 5 to Mar. 17, 1863

John W. Douglas of Pennsylvania from Nov. 1, 1870 to Jan. 2, 1871

Henry C. Rogers of Pennsylvania from May 1 to May 10, 1883, and from May 1 to June 4, 1907

John J. Knox of Minnesota from May 11 to May 20, 1883

Robert Williams, Jr. of Ohio from Nov. 28 to Dec. 19, 1900

Millard F. West of Kentucky from Apr. 12 to May 26, 1921

H. F. Mires of Washington from Aug. 16 to Aug. 19, 1930

Pressly R. Baldridge of Iowa from May 16 to June 5, 1933

Harold N. Graves of Illinois from Jan. 23 to Feb. 29, 1944

John S. Graham of North Carolina from Nov. 19, 1952 to Jan. 19, 1953

Justin F. Winkle of New York from Jan. 20 to Feb. 3, 1953

O. Gordon Delk of Virginia from Nov. 1 to Dec. 4, 1955, and from Oct. 1 to Nov. 4, 1958

Charles I. Fox of Utah from Jan. 21 to Feb. 6, 1961

Bertrand M. Harding of Texas from July 11, 1964 to Jan. 24, 1965

William H. Smith of Virginia from Jan. 21 to Mar. 31, 1969

Harold T. Swartz of Indiana from June 23 to Aug. 5, 1971

Raymond F. Harless of California from May 1 to May 25, 1973

William E. Williams of Illinois from Feb. 27 to May 4, 1977, and from Nov. 1, 1980 to March 13, 1981

**Principal Officers of the
Internal Revenue Service
as of September 30, 1981**

**National
Office**

Commissioner

Roscoe L. Egger, Jr.

Deputy Commissioner

Joseph T. Davis (Acting)

Assistant to the Commissioner

Frederick T. Goldberg

Charles W. Wheeler

John E. Williams

**Assistant to the Commissioner
(Public Affairs)**

Leon H. Levine (Acting)

**Assistant to the Commissioner
(Equal Opportunity)**

Hardi L. Jones (Acting)

Taxpayer Ombudsman

Harold M. Browning

**Assistant to the Deputy
Commissioner**

Dominick J. Lantonio

**Taxpayer Service and
Returns Processing**

Assistant Commissioner

M. Eddie Heironimus

Deputy Assistant Commissioner

Stanley Goldberg

Division Directors:

Program Planning and Review

Suellen P. Hamby

Returns Processing & Accounting

Fredric F. Perdue

Taxpayer Service

Walter M. Alt

Disclosure Operations

Raymond L. Rizzo

Tax Administration Advisory Services

Douglas S. Ormerod

Resources Management

Assistant Commissioner

Joseph T. Davis

Deputy Assistant Commissioner

Alan A. Beck

Division Directors:

Facilities Management

Richard E. Simko

Fiscal Management

Joseph F. Kump

Personnel

Philip P. Russo (Acting)

Training and Development

Orion L. Birdsall

Security Standards and Evaluation

Arnold B. Gordon

National Office Resources Management

Herbert J. Huff

Compliance

Assistant Commissioner

Philip E. Coates

Deputy Assistant Commissioner

Glenn Cagle

Division Directors:

Appeals

Howard T. Martin

Examination

John L. Wedick, Jr.

Criminal Investigation

Thomas J. Clancy

Office of International Operations

Joseph G. McGowan

Collection

James R. Starkey

Data Services

Assistant Commissioner

Donald J. Porter

Deputy Assistant Commissioner

Joseph E. Bishop

Division Directors:

Data Center, Detroit, MI
James E. Daly, Jr.

National Computer Center,
Martinsburg, WV

William E. Palmer

Tax Systems

Daniel N. Capozzoli

Systems Support

Richard Marsh

Planning and Control Staff

Donald E. Curtis

Systems Development Office

Dean E. Morrow

Management Systems

John Moundalexis

Employee Plans/Exempt Organizations

Assistant Commissioner

S. Allen Winborne

Deputy Assistant Commissioner

Raymond A. Spillman

Division Directors:

Actuarial

Ira Cohen

Employee Plans

Billy M. Hargett

Exempt Organizations

Joseph A. Tedesco

Inspection

Assistant Commissioner

Robert L. Rebein

Deputy Assistant Commissioner

E. Derle Rudd

Division Directors:

Internal Audit

Rudolph Arena

Internal Security

William E. Mulroy

Planning and Research

Assistant Commissioner

Russell E. Dyke

Division Directors:

Internal Management Documents

Albert C. Shuckra

Legislative Analysis

Damon Holmes (Acting)

Research and Operations Analysis

Walter E. Bergman

Statistics

Frederick J. Scheuren

Technical

Assistant Commissioner

Gerald G. Portney

Deputy Assistant Commissioner

John E. Burke

Technical Advisor to

Assistant Commissioner

James S. Halpern

Division Directors:

Corporation Tax

John W. Holt

Individual Tax

Mario E. Lombardo

Tax Forms and Publications

Robert I. Brauer

Regional and District Officers

Central Region

Regional Commissioner

Claude C. Rogers, Jr. (Acting)

Assistant Regional Commissioners:

Taxpayer Service & Returns

Processing

Patrick J. Ruttle

Resources Management

Billy J. Brown

Examination

Donald L. Stewart

Criminal Investigation

Larry Hyatt (Acting)

Collection

Charles F. Jones

District Directors:

Cincinnati, OH

James J. Ryan

Cleveland, OH

Everett Louny

Detroit, MI

Charles A. Parks

Indianapolis, IN

Paul D. Williams

Louisville, KY

John Jennings

Parkersburg, WV

Richard C. Herman

Director, Cincinnati Service Center

John O. Hummel

Regional Director of Appeals

Claude C. Rogers, Jr.

Regional Inspector

John E. McManus

Mid-Atlantic Region

Regional Commissioner

William D. Waters

Assistant Regional Commissioners:

Taxpayer Service & Returns

Processing

Fred R. Endrikat

Resources Management

Richard A. Greenstein

Examination

Regina M. Deanehan

Criminal Investigation

Willard M. Cummings

Collection

Leroy C. Gay

District Directors:

Baltimore, MD

Teddy R. Kern

Newark, NJ

Cornelius J. Coleman

Philadelphia, PA

James T. Rideoutte

Pittsburgh, PA

Thomas L. Davis

Richmond, VA

Charles E. Roddy

Wilmington, DE

F. Clare Shy

Director, Philadelphia Service Center

Norman E. Morrill

Regional Director of Appeals

James J. Casimir

Regional Inspector

Benjamin J. Redmond

Midwest Region

Regional Commissioner

Roger L. Plate

Assistant Regional Commissioners:

Taxpayer Service & Returns

Processing

John Ader

Resources Management

Jack E. Shank

Examination

David G. Blattner

Criminal Investigation

Charles O. Wey

Collection

Allen G. Woodhouse

District Directors:

Aberdeen, SD

Thomas J. Yates

Chicago, IL

Donald E. Bergherm

Des Moines, IA

John Edwards

Fargo, ND

Gary O. Booth

Milwaukee, WI

Lawrence M. Phillips

Omaha, NB

Mitchell E. Premis, Jr.

Springfield, IL

Ira S. Loeb

St. Louis, MO

Robert A. LeBaube

St. Paul, MN

C. Dudley Switzer

Director, Kansas City Service Center
Roy D. Clark

Regional Director of Appeals
Donato Cantalupo

Regional Inspector
John T. Kelly

North Atlantic Region

Regional Commissioner
Charles H. Brennan

Assistant Regional Commissioners:

Taxpayer Service & Returns
Processing
Raymond P. Keenan
Resources Management
William H. Ethe
Examination
Joseph Slipowitz
Criminal Investigation
Raymond C. Turner
Collection
Brian McMahon (Acting)

District Directors:

Albany, NY
John B. Langer
Augusta, ME
William E. Dosedlo
Boston, MA
Herbert B. Mosher
Brooklyn, NY
Thomas P. Coleman
Buffalo, NY
Marshall P. Cappelli
Burlington, VT
George Delegianis
Hartford, CT
James E. Quinn
Manhattan, NY
Pete J. Medina
Portsmouth, NH
Francis S. Miceli
Providence, RI
Malcolm A. Liebermann

Director, Andover Service Center
Joseph H. Cloonan

Director, Brookhaven Service Center
Thomas J. Laycock

Regional Director of Appeals
Gerard R. Esposito

Regional Inspector
Daniel Schiller

Southeast Region

Regional Commissioner
Harold A. McGuffin

Assistant Regional Commissioners:

Taxpayer Service & Returns
Processing
Henry E. Leech, Jr.
Resources Management
Herma Hightower
Examination
William H. Simon
Criminal Investigation
Joseph P. Pagani (Acting)
Collection
Conrad L. Clapper

District Directors:

Atlanta, GA
Michael J. Murphy
Birmingham, AL
Philip J. Sullivan
Columbia, SC
Donald L. Breihan
Greensboro, NC
Frederick Nielsen
Jackson, MS
Merlin W. Heye
Jacksonville, FL
Charles O. DeWitt
Nashville, TN
Alvin H. Kolak

Director, Atlanta Service Center
William B. Hartlage

Director, Memphis Service Center
James D. Hallman

Regional Director of Appeals
Tully Miller

Regional Inspector
Dale W. Gardner

Southwest Region

Regional Commissioner
James I. Owens

Assistant Regional Commissioners:

Taxpayer Service & Returns
Processing
Bobby G. Hughes
Resources Management
Raymond Astumian
Examination
Percy P. Woodward, Jr.
Criminal Investigation
Frederick L. Sleet
Collection
Larry G. Westfall

District Directors:

Albuquerque, NM
Francis L. Browitt
Austin, TX
William E. Palzkill (Acting)
Cheyenne, WY
Michael J. Kelly
Dallas, TX
Richard C. Voskuil
Denver, CO
Gerald L. Muhlbachler
Houston, TX
Robert M. McKeever (Acting)
Little Rock, AR
William Barlow
New Orleans, LA
Jack P. Chivalero
Oklahoma City, OK
Howard C. Longley
Wichita, KS
Clarence King

Director, Austin Service Center
Carolyn K. Leonard

Regional Director of Appeals
Douglas M. Moore

Regional Inspector
Paul F. Kearns

Western Region

Regional Commissioner
Thomas A. Cardoza

Assistant Regional Commissioners:

Taxpayer Service & Returns
Processing
G. William Grabo
Resources Management
Kenneth G. Rivett
Examination
Elmer Kletke
Criminal Investigation
Richard C. Wassenaar
Collection
Paul R. Dickey

District Directors:

Anchorage, AK
John L. Carlson
Boise, ID
Frank R. Berria
Helena, MT
Richard S. Wintrobe
Honolulu, HI
John D. Johnson
Los Angeles, CA
William H. Connert
Phoenix, AZ
Prescott A. Berry
Portland, OR
T. Blair Evans
Reno, NV
Gerald F. Swanson
Salt Lake City, UT
Carol M. Fay
San Francisco, CA
Michael D. Sassi
Seattle, WA
Arturo A. Jacobs

Director, Fresno Service Center
Theron C. Polivka

Director, Ogden Service Center
Dominic E. Pecorella

Regional Director of Appeals
Ralph F. Albrecht

Regional Inspector
Peter J. Rumore (Acting)

IRS

I am pleased to present the annual report of the Office of Chief Counsel for the Internal Revenue Service for the fiscal year ended September 30, 1981. While I have only recently assumed my duties, I am impressed with the great dedication and skill with which Chief Counsel people execute their duties. Such skill and dedication have never been more needed for there is much to be done.

In the 1981 fiscal year, the workload of the Office has increased 24 percent over the 1980 fiscal year, and a 35 percent increase over 1980 is expected in 1982. With the constraints on Government spending, we may not be able to increase our attorney staffing significantly; therefore, our only alternative is to make better use of the resources we have.

With the number of pending Tax Court cases skyrocketing during the 1981 fiscal year, from 34,776 to 46,167 (a jump of 33 percent), we have to develop procedures for more efficient handling of cases. As examples, more extensive use and development of the following and similar techniques can aid in increasing our efficiency:

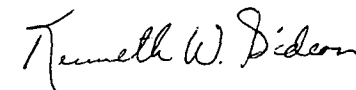
- Use of specialized techniques to process *pro se* cases more efficiently, such as use of paralegals to perform nontrial functions and free attorney time for other purposes;
- Use of senior litigators to handle cases deserving special attention to create substantial precedents and thereby aid in the disposition of similar cases; and
- Use of the equity powers of the district court under section 7402(a) to enjoin promoters from marketing misleading tax shelter schemes in order to reduce the number of taxpayers subjected to controversies with the Service through participation in meritless promotions.

We intend to continue a vigorous program of litigation to combat abusive tax shelters. Congress has recently provided us with two significant penalties to strike at the two pillars of abusive shelters—delay and overvaluation. These penalties are the overvaluation penalty, which can range up to 30 percent of taxes not paid as a result of the overvaluation, and the time-sensitive negligence penalty.

With a backlog of over 300 pending regulations projects and an anticipated 90 additional regulations projects opening as a result of the Economic Recovery Tax Act of 1981, we must also refine our production procedures to speed up the flow of regulations but still maintain quality. The review process must be streamlined and unnecessary paperwork in the process must be reduced.

Finally, I am committed to the continued excellent performance of our Office in the hiring of qualified women and minorities and promotion of all individuals based on merit.

If we are to deal effectively with the multitude of problems confronting the IRS in its administration and enforcement of the internal revenue laws and provide the quality and quantity of legal services needed, we must work hard to resolve problems creatively. Although our workload is heavy and demands on our time substantial, we must constantly strive to provide efficient, effective, and readily available legal assistance to our client, the Internal Revenue Service. As a result of having had the opportunity to work with many of you already, I am confident we can imaginatively meet the challenge. I look forward to working with you in the coming year.



KENNETH W. GIDEON
Chief Counsel for the
Internal Revenue Service

Organization

The Chief Counsel, an Assistant General Counsel of the Treasury Department, is the chief legal officer for the Internal Revenue Service and is a member of the Commissioner's executive staff. As such, the Chief Counsel advises the Commissioner on matters pertaining to the administration and enforcement of the internal revenue laws and related statutes, as well as on nontax legal questions.

The Chief Counsel is assisted by a Deputy Chief Counsel (General), a Deputy Chief Counsel (Litigation), a Deputy Chief Counsel (Technical), nine Division Directors, and seven Regional Counsel.

The Office of Chief Counsel employs over 900 attorneys, making it one of the largest law firms in the country. These attorneys are located in the National Office, the seven Regional Counsel offices, and 45 District Counsel offices.

Approximately 50 percent of attorney time is spent handling litigation in the United States Tax Court. The attorneys also advise the Service and assist the Department of Justice on refund suits, criminal tax cases, suits seeking the disclosure of files and documents of the IRS, collection suits, and nontax litigation involving the Service in Federal and State courts.

In the National Office, most attorney time is spent preparing, reviewing, and assisting in the development of substantive and procedural guidance through the issuance of regulations, revenue rulings, and technical advice memoranda.

Introduction

The Administrative Services Division is located in the National Office and coordinates operations for field as well as National Office activities. Criminal tax and general legal services work is handled in the field and National Office.

Administrative Services

The Administrative Services Division is responsible for the general supervision of matters relating to personnel, budget, training, administration, and management of the Office of Chief Counsel. The division accomplished some particularly noteworthy goals during the 1981 fiscal year.

- Chief Counsel received authorization to procure an on-line interactive computer system for case tracking and for the collection and analysis of management information, with present plans calling for the system to be phased-in during the 1982, 1983, and 1984 fiscal years.
- Of the 63,859 legal cases received in the Office, 33,700 were jacketed and docketed in the National Office, with 29,447 of them Tax Court petitions.
- Fourteen percent of the new attorneys hired were minorities and 48 percent were women, exceeding the Equal Opportunity Program hiring goals for Chief Counsel.
- As a result of the continuing reclassification of the 100,000 volume collection in the Library and the generation of a database of IRS holdings, the Library now participates in the Federal library community's bibliographic database, thereby greatly expanding the reference and interlibrary loan services available.

Criminal Tax

The Criminal Tax Division handles all criminal tax legal matters for the IRS, including the furnishing of legal advice during investigative stages, reviewing cases to determine if prosecution is warranted, and coordinating civil tax matters with the Department of Justice during criminal tax prosecutions.

During the 1981 fiscal year, the Criminal Tax Division provided legal assistance in a number of cases which resulted in convictions, indictments, or guilty pleas.

- Four leaders of a tax revolt which resulted in over 3,500 industrial workers filing false withholding certificates were convicted for failure to file and filing false withholding exemption certificates.

- A nationally known protest advocate who was involved in the sale and promotion of mail order ministries was indicted for allegedly willfully aiding and assisting in the preparation and presentation of false returns and the attempted evasion of taxes by providing the purchasers of his church packages with church charters, divinity degrees, minister's credentials, and vows of poverty.
- Several promoters of coal tax shelters pled guilty to charges of conspiring to defraud the Government out of millions of dollars in taxes by employing false engineering reports to support deductions and losses claimed by shelter investors.
- The promoter of a family trust plan who advised investors to report their income as though earned by the trust and to deduct all personal expenses on the trust returns pled guilty to charges of conspiring to impede the IRS in the ascertainment and collection of taxes.
- Two shelter promoters were convicted of conspiring to defraud the United States by preparing fictitious and backdated documents in support of claimed depreciation deductions and investment credits.
- A former cabinet member pled guilty to charges of willfully attempting to evade taxes by failing to report income received from speaking engagements.

Receipt and Disposal of Criminal Tax Matters

Prosecution Cases Received From Criminal Investigation	
Total Opened	1,978
Total Closed	2,813
Counsel Declined	173
Department of Justice Declined	398
U.S. Attorney Declined	380
Prosecutions Completed	1,862
Opinions	
Pending Beginning	47
Total Requested	119
Total Rendered	105
Pending End	61

General Legal Services

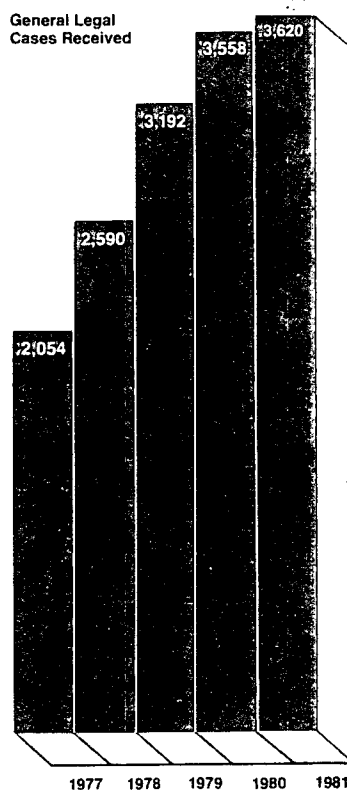
To improve the quality of legal services provided by the IRS, the Criminal Tax Division increased the degree of attorney specialization in criminal tax matters and developed procedures for earlier involvement of the division in the investigation of criminal tax cases so that legal impediments to potential prosecution can be identified at the earliest possible stage, and took steps to speed up the review of prosecution referrals, which resulted in the reduction of overage cases from 292 at September 30, 1980, to 64 at September 30, 1981.

The Criminal Tax Division during the next year will continue to work on the problems of increasing its efficiency in processing criminal tax cases, obtaining access to grand jury material for civil purposes, and determining how to respond to the illegal tax protester movement and abusive tax shelter promotions.

The General Legal Services Division handles nontax legal matters. Litigation in personnel areas and time spent defending damage suits brought against employees individually increased substantially. The division represented the IRS in labor cases, counseled management teams negotiating national labor agreements, assisted IRS employees and officials sued for damages in actions taken in the performance of official duties, represented IRS officials in investigations conducted by the Office of Special Counsel of the Merit Systems Protection Board, represented the IRS in disciplinary actions brought against tax practitioners, and reviewed the financial disclosure statements of IRS and Chief Counsel officials filed under the Ethics in Government Act of 1978.

The General Legal Services Division also advises the IRS in matters involving Government contracts, forfeitures, and other matters not directly involving Federal taxes. The division, for instance, represented the IRS in contract disputes and in bid protests and issued binding interpretations of the employee rules of conduct. The Director of the General Legal Services Division is the Designated Agency Official for the IRS and Chief Counsel under the Ethics in Government Act of 1978. For the 1981 fiscal year, the division tried 31 cases involving 496 hours of trial time.

General Legal Cases Received



Introduction

Both the National Office and the field offices are actively involved in litigation. Disclosure litigation activities are centralized in the National Office. General litigation and tax litigation work are handled in the field offices subject to the overall direction of the National Office.

Disclosure Litigation

Providing legal advice to the IRS on issues arising under the Freedom of Information Act (FOIA), the Privacy Act of 1974, and the disclosure sections of the Internal Revenue Code accounts for a substantial portion of the work performed by the Disclosure Litigation Division. As part of its advisory function, the division assists the Department of Justice in litigation arising under these acts by establishing the factual record, preparing legal defenses, and recommending settlement of suits or appeal of adverse decisions.

A number of significant issues were argued or decided during the 1981 fiscal year.

- The Circuit Court of Appeals for the District of Columbia ruled, in *Taxation with Representation Fund v. IRS*, that General Counsel Memoranda, Actions on Decision, and Technical Memoranda were not exempt from disclosure under subsection (b)(5) of FOIA.
- In *Ferris v. IRS*, the District Court of the District of Columbia is considering whether the National Treasury Employees Union can gain access to the Performance Expectations of Senior

Executive Service Employees, which the IRS argues are protected by FOIA subsections (b)(2) and (b)(6) which exclude from disclosure information relating to internal personnel practices and which would result in an invasion of a person's privacy.

- In *Williamette Industries, Inc. v. U.S.*, the U.S. District Court in Oregon ordered disclosure of volumes of return information pertaining to the timber industry, with the names of taxpayers and the volume of timber sales deleted, a misconstruction of the statutory provisions protecting return information which could have an adverse impact on the IRS.

- In *Long v. Bureau of Economic Analysis*, the IRS obtained stays of orders entered by the Ninth Circuit in a FOIA case seeking source data from the Taxpayer Compliance Measurement Program; Congress, meanwhile, amended 26 U.S.C. § 6103(b)(2) to prevent the release of this data because it forms the basis for the selection standards for the audit of tax returns.

In addition, the Disclosure Litigation Division prepared advisory opinions in response to requests from the IRS and other governmental functions on the availability and uses which could be made of tax information. For instance, the division provided advice to Congressional committees as to the availability of tax information on nominees for Federal district court judges and Presidential appointees. The division also han-

Receipt and Disposal of Disclosure Litigation Cases

Types of Cases	Pending 10/1/80	Received	Disposed	Pending 9/30/81
Disclosure Opinions	106	237	278	65
Disclosure Litigations	11	13	16	8
Disclosure Coordinations	1	13	13	1
Discovery Opinions	1	11	10	2
FOIA Opinions	7	43	47	3
FOIA Appeals	303	532	508	327
FOIA and Miscellaneous Litigation	110	70	71	109
FOIA Requests	27	280	235	72
Privacy Act Opinions	9	28	28	9
Privacy Act Litigation	14	14	11	17
Privacy Act Requests	2	6	8	-
Privacy Act Appeals	-	-	-	-
Division Totals	591	1,247	1,225	613

General Litigation

dled requests made to National Office employees for testimony and production of IRS records in connection with proceedings before courts, administrative agencies, and other authorities.

The General Litigation Division advises the IRS in matters relating to collection and assessment procedures and assists the Department of Justice in suits to collect taxes, suits to recover erroneous refunds, bankruptcy proceedings and other insolvencies, civil enforcement of summonses, and injunctive and declaratory judgment actions.

During the 1981 fiscal year the General Litigation Division has handled several issues of special importance to the IRS.

- While a Federal district court has held that Utah cannot escheat undelivered tax refunds owed residents of the state, similar cases in other states are still pending, and if the issue were resolved in favor of the states, unknown sums of money for tax years all the way back to 1916 might have to be refunded.
- In *Stonecipher v. Bray*, the Ninth Circuit refused to grant an injunction to an employee who sought to prohibit his employer from following IRS instructions regarding the proper number of exemptions he should take and upheld regulations requiring the employer to refer certain questionable W-4's to the IRS and granting authority to the IRS to declare those withholding certificates not in compliance with the internal revenue laws invalid.
- The IRS is testing in litigation the right of bankruptcy trustees to recover property seized by the IRS prior to bankruptcy but not sold, and the IRS is dealing with problems arising from the automatic stay which prevents creditors of taxpayers from bringing or continuing suits against the taxpayer, such as the problem of whether the stay prevents the assessment of undisputed liabilities and whether cases brought in the Tax Court before the bankruptcy must be frozen because the IRS cannot answer.
- Two appellate courts upheld the use of IRS summonses to gather information for an audit under the Taxpayer Compliance Measurement Program.

One of the steps the General Litigation Division has taken to increase its efficiency in, and the quality of, case handling is a movement toward greater specialization among attorneys in the regional offices.

General Litigation Cases Received

Types of Cases—Regions:	1980	1981
Bankruptcy Act Proceedings	3,211	3,850
Miscellaneous Insolvencies	80	96
Decedents' Estates	339	314
Suits to Collect Taxes	754	727
28 U.S.C. § 2410:		
Interpleaders	352	242
Others	691	311
Injunctions	150	203
Disclosure and Testimony	505	501
Summons Cases	7,757	10,329
Erroneous Refund Suits	19	27
Miscellaneous Court Cases	1,857	1,760
Advisory Opinions	5,120	4,976
Tax Return Preparers:		
Advisory Opinions	13	42
Court Cases	12	25
Total All Regions	20,860	23,403
National Office:	1980	1981
Appeals	335	256
Advisory	360	339
Other Centralized Cases*	14	15
Total National Office	709	610
Total All Regions & National Office	21,569	24,013

* includes actions for injunctions and/or declaratory relief.

Receipt and Disposal of General Litigation Cases

Status	Court	Non-Court	Total
Pending Oct. 1, 1980	12,509	1,766	14,275
Received during year	18,155	5,858	24,013
Disposed of	16,398	5,942	22,340
Pending Sept. 30, 1981	14,266	1,682	15,948

Tax Litigation

The Tax Litigation Division determines and coordinates the legal position of the IRS in order to assure consistency in all cases litigated in the United States Tax Court and all cases for refund of taxes and certain suits for declaratory judgment instituted by taxpayers in the United States district courts and the Court of Claims. If the IRS loses a case, the division determines, and advises the IRS with respect to Tax Court cases, whether to acquiesce or nonacquiesce in the decision and, with respect to other adversely decided cases, advises the Department of Justice whether or not to appeal.

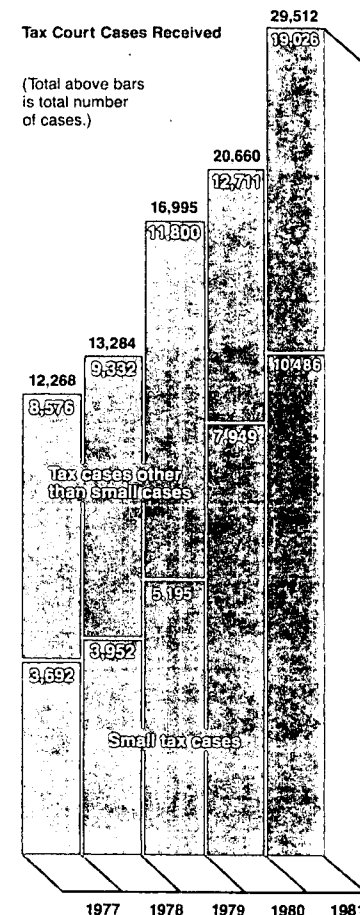
During the 1981 fiscal year, a number of significant cases were decided.

- In *Rowan Companies, Inc. v. United States*, the Supreme Court ruled against the IRS, holding that Congress intended the definition of "wages" to be interpreted in the same manner for FICA and FUTA withholding as for income tax withholding, and, therefore, when meals and lodging provided by the employer are excluded from income tax withholding, they are also excluded from FICA and FUTA withholding.
- In *United States v. Darusmont*, the Supreme Court held that the application of an income tax statute to the entire calendar year in which the statute was enacted did not per se violate the Due Process Clause of the Fifth Amendment.
- The Supreme Court ruled for the IRS in *HCSC-Laundry v. United States*, holding that hospital-shared service organizations cannot qualify for exempt status under subsection 501(c)(3), but must qualify, if at all, under subsection 501(e) which governs cooperative hospital service organizations.
- The Supreme Court ruled for the Government in *Commissioner v. Portland Cement Co. of Utah*, holding that for purposes of computing gross income from mining by the proportionate profits method which, in turn, governs a taxpayer's depletion deduction, the first marketable product is finished cement, whether sold in bulk or bags, and that the costs of bags, bagging, storing, shipping, and selling should be included in the proportionate profits computation as non-mining costs.
- The Supreme Court ruled against the Government in *United States v. Swank*, holding that a provision in a coal mining lease permitting termination by either party on 30-days notice did not preclude the lessees from having an "economic interest" in the coal in place which would entitle them to a depletion allowance under sections 611 and 613.
- In *Diedrich v. Commissioner*, the Eighth Circuit ruled for the IRS, holding in direct conflict to

previous net-gift holdings in the Fourth, Fifth, and Sixth Circuits, that a donor realized income on the gift of property to his children, who agreed to pay the donor's gift tax liability, to the extent of the excess of the donor's tax liability over his adjusted basis in the property transferred, an issue involving approximately 20 pending cases and between 4 and 5 million dollars.

Tax Court Cases Received

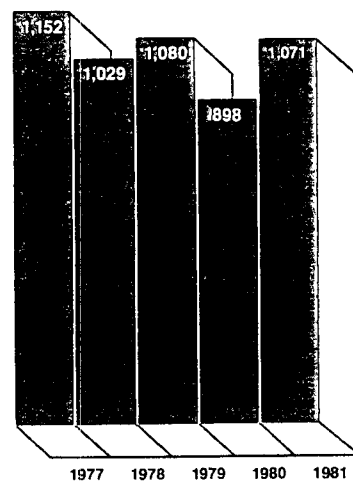
(Total above bars is total number of cases.)



In the coming year, the Tax Litigation Division expects to be involved in a number of important areas.

- If the Tax Court decides in the *Smith-Jacobson* case, the first litigation involving commodity straddles, to disallow certain losses arising from butterfly straddles, this should create settlement pressure on other pending cases.
- If the Fifth Circuit, after a rehearing, does not reverse *Tufts*, which held that the amount realized is the fair market value rather than the amount of the liability where a nonrecourse note encumbering real property is in excess of the fair market value of the property when the property is disposed of, a petition for certiorari may have to be filed because the holding is in direct conflict with the Third Circuit case of *Miller v. Commissioner* and inconsistent with recently promulgated Treasury Regulation § 1.1001-2(b).

Refund Litigation Cases Received



- The division will participate in the appeal to the Second Circuit of the *Union Carbide* case where the Tax Court held that collateral estoppel can apply to questions of law as well as fact, an adverse holding of major concern because the IRS is the defendant in all refund tax suits and this broadens the doctrine of offensive use of collateral estoppel which permits persons suing to collaterally estop the defendant from defend-

ing if the defendant has already lost the issue in another suit.

- The division will participate in the appeal of the *Klemp* case where the Tax Court, following the Tenth Circuit, held that the IRS had only three years after amended returns were filed to issue notices of deficiency rather than six years after the original returns which were fraudulent were filed.
- The division expects to be involved in the administrative problems arising from the adverse Supreme Court decision in *Rowan*, with more than 26,000 protective claims suits pending in the Service Centers.
- The division expects to be increasingly involved in abusive tax shelter litigation as increasing numbers of docketed cases come to trial.

Tax in Litigation—Tax Court Cases (In thousands of dollars)

Status	All Tax Court Cases ²					Small Tax Cases				
	Taxes and Penalties		Overpayments			Taxes and Penalties		Overpayments		
	Number of Cases ¹	In Dispute	Determined	Claimed	Determined	Number of Cases	In Dispute	Determined	Claimed	Determined
Pending 10/01/80	34,103	\$5,010,320			\$286,780	7,030	\$10,081			\$35
Received	29,512	1,903,273			11,317	10,486	15,648			140
Disposed ³	18,166	703,351	\$237,486	17,408	\$8,680	7,928	10,568	\$5,215	106	\$63
Recovery Rate ⁴			33.8%		49.9%			49.3%		59.4%
Pending 09/30/81	45,449	6,210,242			280,689	9,588	15,161			69

¹ Does not include an inventory of nondelinquency cases consisting of 85 cases pending 10/1/80, 42 receipts, 44 disposals, and 83 cases pending 09/30/81.

² Includes both small tax cases and other.

³ Disposals include cases tried, settled, and dismissed. Some of the determined amounts are for cases which were subsequently appealed.

⁴ Amount determined expressed as percentage of amount asserted or claimed. These amounts do not include proposed assessments which are agreed to by the taxpayer at District or Appeals conferences. In the case of a claimed overpayment the recovery rates shown above represent the portion of the amount in dispute which was refunded to the taxpayer.

Tax in Litigation—Refund Suits¹ (In thousands of dollars)

Status	District Courts			Court of Claims			Total		
	Number of Cases	Amount In Dispute ²	Amount In Suit ⁴	Number of Cases	Amount In Dispute ²	Amount In Suit ⁴	Number of Cases	Amount In Dispute ²	Amount In Suit ⁴
Pending 10/01/80	2,580	\$478,021		749	\$700,760		3,329	\$1,178,781	
Received	848	139,780		223	47,957		1,071	187,737	
Disposed ³	751	71,796		135	99,284		886	171,080	
Amount in Suit ⁴			\$63,682			\$97,251			\$160,933
Amount Not Refunded ⁵			41,703			55,385			97,088
% Not Refunded			65.5%			57.0%			60.3%
Pending 09/30/81	2,677	546,005		837	649,433		3,514	1,195,438	

¹ Cases in courts of appeals and the Supreme Court are included under the columns representing the court of origin.

² Disposals include cases tried, settled, and dismissed.

³ Amount in dispute includes claims for refund of

taxes, penalties and interest, and counterclaim amounts.

⁴ Amount of taxes, penalties, and assessed interest sought as a refund.

⁵ That portion of the amount sought as a refund, which was not refunded to the taxpayer.

Trial Court Case Record

(Opinions Rendered-Refund Litigation and Tax Court Cases)¹

Action	Tax Court ⁶									
	Court of Claims		District Courts		Small Tax Cases		Other		Total	
	1980	1981 ²	1980	1981 ³	1980	1981 ⁴	1980	1981 ⁵	1980	1981
Decided in favor of Government	-Number 23	22	150	145	310	531	330	417	640	948
	-Percent 46.0%	61.1%	65.8%	57.3%	53.4%	53.3%	51.0%	50.8%	52.2%	52.1%
Decided in favor of Taxpayer	-Number 24	13	51	84	55	128	71	91	126	219
	-Percent 48.0%	36.1%	22.4%	33.2%	9.5%	12.8%	11.0%	11.1%	10.3%	12.1%
Decided partially for the Taxpayer and partially for the Government	-Number 3	1	27	24	215	338	246	313	461	651
	-Percent 6.0%	2.8%	11.8%	9.5%	37.1%	33.9%	38.0%	38.1%	37.6%	35.8%
Total Opinions	50	36	228	253	580	997	647	821	1,227	1,818

¹ Related cases are reflected as one opinion.

² 36 opinions in Court of Claims involving 37 cases.

³ 253 opinions in district courts involving 291 cases.

⁴ 997 Tax Court opinions involving 1,055 small tax cases.

⁵ 821 Tax Court opinions involving 1,117 cases other than small Tax Court cases.

⁶ On cases for which decisions were entered during the fiscal year.

Appellate Court Case Record

(Decisions-Refund Litigation and Tax Court Cases)

Court	Total	For the Government		Against the Government		Partly for and Partly Against the Government	
		No.	%	No.	%	No.	%
Courts of Appeals	269	212	78.8	47	17.5	10	3.7
Originally tried in Tax Court *	205 ¹	171	83.4	27	13.2	7	3.4
District Courts	60 ²	39	65.0	18	30.0	3	5.0
Supreme Court	4	2	50.0	2	50.0	-	-

¹ Of the cases originally tried in Tax Court, the courts of appeals rendered 205 opinions in 271 dockets, including 227 dockets for the Government, 36 dockets against the Government, and 8 dockets partially for the Government.

² Of the cases originally tried in district courts, the courts of appeals rendered 60 opinions in 64 cases, including 42 cases for the Government, 18 against the Government, and 4 partially for the Government.

Introduction

The three technical divisions of the Office of Chief Counsel are located in the National Office. These divisions are responsible for the Office's legal interpretation of the present tax laws and for policy determinations which may shape future tax laws.

Employee Plans and Exempt Organizations

The Employee Plans and Exempt Organizations Division spent a substantial amount of its time during the 1981 fiscal year developing regulations on issues relating to employee plans and exempt organizations.

- Final regulations on qualification requirements for defined benefit "Keogh" plans covering self-employed individuals and "subchapter S" corporations applied the benefit limitations to variable annuities and insured plans.
- Final regulations on pension plan funding methods acceptable under ERISA addressed such technical questions as the situations in which benefit changes can be anticipated for funding purposes and limited certain variations of the unit credit funding method.
- Final regulations on anti-discrimination requirements for self-insured medical reimbursement plans dealt with the definition of a self-insured plan, the impact of health maintenance organizations on eligibility requirements, and the scope of the statutory exception for medical diagnostic procedures.

In addition, the Employee Plans and Exempt Organizations Division assisted in the preparation and review of letter rulings to taxpayers, technical advice to IRS personnel, revenue rulings and revenue procedures, and certain tax forms, instructions, and publications issued by the IRS on matters relating to exempt plans and exempt organizations. The division provided legal assistance in determining litigating positions and in coordinating these positions with the ruling positions of the IRS on employee plans and exempt organizations. The division also assisted Treasury in the development of internal revenue legislation on employee plans and exempt organizations.

The Employee Plans and Exempt Organizations Division expects to work on a number of significant regulations during the coming year.

- Proposed regulations on the new statutory requirement that employees of an affiliated service group be treated as employed by a single employer for purposes of the employee benefit plan qualification requirements may focus on such issues as the definition of "service organization" and the effect of the new requirements on employers with existing plans.

- Proposed regulations amending existing regulations limiting benefits that a retirement plan may provide to the 25 most highly compensated employees in the event of early termination of the plan may adjust for inflation the benefit limitations which have not been changed since the 1940's.

- Proposed rules on deductions for certain foreign deferred compensation plans may address such issues as the extent to which future salaries may be projected in determining employer contribution obligations and whether the new statutory provisions were intended to apply to funded plans of subsidiaries which do not satisfy the normal conditions for deduction under prior law.

Employee Plans and Exempt Organizations Division Cases Received

Type of Case	
Revenue Rulings	28
Letter Rulings	36
Technical Advice	19
Other Advice	31
Legislation	3
Regulations	24
Miscellaneous	20
Total	161

Interpretative

During the 1981 fiscal year, a substantial portion of the work of the Interpretative Division involved the providing of legal advice to the IRS in regard to substantive and procedural tax law, other than cases involving employee plans, exempt organizations, and certain general litigation and tax return-preparer matters. A large number of revenue rulings, revenue procedures, private letter rulings, and technical advice projects were considered during the year, especially in connection with the Service's efforts to deal with tax abuse devices and questionable tax shelter schemes.

- One project was Rev. Rul. 80-274, involving the proper tax treatment of deferred variable annuity contracts and so-called wrap-around annuities, which held that interest earned on accounts in a federal savings and loan association which the insurer acquired with single premium payments was included in the gross income of the depositors in the association who purchased retirement annuity contracts from the life insurance company.

- Another project was Rev. Rul. 81-160, revising Rev. Rul. 56-136, which held that loan commitment fees incurred under a bond sale agreement, which made funds for construction available in stated amounts over a specified period, had to be capitalized and amortized over the term of the loan.

- With respect to *Rowan Companies, Inc. v. United States*, which held that meals and lodging furnished to employees for the convenience of

the employer are not wages for FICA and FUTA purposes, the division not only contributed to the development of the IRS position but dealt with many of the technical and administrative ramifications of the final decision.

- The division considered whether the IRS should follow the decision of the Third Circuit in *Connelly v. United States*, where the court held that the decedent's right under an employer-funded noncontributory group life insurance policy to select optional settlement modes in conjunction with the employer and insurer was not an incident of ownership within the meaning of section 2042 of the Code, and announced in Rev. Rul. 81-128 that the Service will not follow the *Connelly* decision except in cases arising in the Third Circuit.

The Interpretative Division also participated in the drafting of proposed legislative amendments affecting the continuity of interest requirements in corporate reorganizations, assisted in the IRS's program to deal with tax protestors, and provided legal assistance on numerous returns-processing and tax-compliance problems involving, among other issues, the Federal excise tax on insurance policies issued by foreign insurers and enforcement of the record-keeping requirements of the Internal Revenue Code. The division continues to provide legal assistance to the IRS and other divisions in Chief Counsel in establishing litigating positions and ensuring that Counsel's litigating posture is consistent with the ruling position of the IRS.

Interpretative Division Cases Received

Type of Case	1977	1978	1979	1980	1981
Revenue Rulings	399	385	302	255	230
Letter Rulings	122	98	32	77	35
Technical Advice	80	60	37	59	55
Other Advice	189	175	141	190	168
Total	790	718	512	581	488

Legislation and Regulations

The development of regulations comprises the bulk of the work performed by the Legislation and Regulations Division. During the 1981 fiscal year, final and proposed regulations were published which addressed a number of complex issues facing the IRS.

- Regulations on burned-out shelters clarified the tax consequences of disposing of tax shelter property while debt on the property is still outstanding.

- Regulations required employers to submit to the IRS withholding exemption certificates which claim either complete exemption from withholding or ten or more withholding allowances and to follow IRS instructions with respect to withholding on the employees filing these certificates.

- Regulations defined "grassroots lobbying" as communications which express a view on a legislative matter, regardless of whether a specific legislative proposal is identified, and which are distributed in a manner designed to reach and influence the general public.

- Regulations identified factors which distinguish debt interests from equity interests in a corporation, such as the existence of a "definitely ascertainable" interest rate on amounts deposited with the corporation and the disproportionality of debt and equity holdings in the corporation.

- Regulations accommodated withholding and other administrative rules under the Crude Oil Windfall Profit Tax Act better to industry practices and explained such complex rules in the act as the "net income limitation."

- Regulations established more realistic imputed interest rates when the rate stated by parties falls outside a specified range.

- Regulations interpreted the newly enacted installment sales scheme and resolved many questions not addressed in former regulations on installment sales.

- Regulations relating to the foreign tax credit tackled the problem of distinguishing taxes, which should be creditable, from other payments, such as royalties, which are merely deductible.

Other major regulations projects during the past year focused on the energy investment credit, mortgage subsidy bonds, and generation-skipping taxes.

In addition to developing regulations, the Legislation and Regulations Division regularly reviews proposed revenue rulings and drafts of forms and publications to assess whether they are consistent with legislation and final, proposed, and pending regulations. In reviewing forms and publications it is often necessary to make a practical accommodation between the taxpayer's need for a clear and brief statement and the IRS's concern that the statement be technically precise.

Other activities of the division during the year included participation in the development and drafting of proposals which eventually became the Economic Recovery Tax Act of 1981 and participation in negotiating and drafting tax treaties with foreign governments.

Developing regulations under the Economic Recovery Tax Act of 1981 will dominate the work of the Legislation and Regulations Division in the coming year. Some of the portions of the act which will require detailed attention are the provisions which set forth the accelerated cost-recovery system, the tax consequences for offsetting positions and regulated futures contracts, and the credit for research and experimentation expenditures. The division will also continue to work on major on-going projects, such as the proposal for consolidated administrative and judicial proceedings for partnerships.

Receipt and Disposal of Legislation and Regulations Division Cases

Type of Case	Pending 10/1/80	Received	Disposed	Pending 9/30/81
Legislation	58	51	63	46
Regulations	325	161	76	410
Miscellaneous	75	136	138	73
Total	458	348	277	529

The Regional Counsel are the principal legal advisors to the Regional Commissioners and Assistant Regional Commissioners, Regional Directors (Appeals), Regional Inspectors, Directors of Service Centers, the District Directors of the IRS, and, in Washington, D.C., the Director of the Office of International Operations.

The Regional Counsel represent the IRS in cases for purposes of settlement and trial before the Tax Court and prepare pleadings, stipulations, and other documents necessary for trial. They recommend to the Chief Counsel action when adverse Tax Court decisions are handed down, approve or disapprove the settlement of cases docketed in the Tax Court, concur in or disapprove recommendations by the IRS to eliminate the *ad valorem* fraud penalties in cases not docketed in the Tax Court, and review, prior to issuance, certain statutory notices of deficiency proposed by Appeals and certain notices proposed by the District Directors.

The Regional Counsel perform legal services for the IRS in connection with criminal cases. They review recommendations of prosecution and, if prosecution is warranted, prepare and refer the tax prosecution cases (other than alcohol, tobacco, and firearms) to the Department of Justice. When they do not recommend prosecution, they prepare memoranda which set forth the reasons against prosecution. If IRS field officials do not agree that prosecution is unwarranted, they can ask the Deputy Chief Counsel (General) to decide the question. If the Criminal Investigation Division requests advice or United States Attorneys request aid in criminal tax proceedings in the United States district courts and courts of appeal, the Regional Counsel provide assistance. The District Counsel, under the supervision of Regional Counsel, furnish legal guidance

to IRS officers and employees in the District Directors' offices. For instance, they advise the IRS on legal matters involving the collection of taxes and disclosure of tax information; they recommend actions to be taken in litigation involving bankruptcy, receiverships, and insolvencies, tax liens, levies, real and personal property law, and commercial law; and they provide legal guidance in such matters as the civil enforcement of summons and the enforcement of statutes relating to tax return preparers.

The Regional Counsel advise the Regional Commissioners, Service Center Directors, District Directors, and their staffs regarding tax matters, labor-management relations, Government procurement, the use of appropriated funds, governmental or individual liability arising out of actions which were taken in performance of official duties, forfeiture matters, and other types of legal issues not directly related to Federal tax law, such as the civil penalty aspects of certain unauthorized disclosures of tax information by employees. They also represent management officials in formal hearings involving adverse actions, unfair labor practice complaints, discrimination complaints, arbitration of the interpretation or application of the terms of a collective bargaining agreement, representation proceedings, objections to a representation election, agency grievances, and employee appeals. In certain types of civil and criminal actions against employees for acts performed in the course of their official duties, they represent the employee if United States Attorneys refuse to do so. They assist Internal Security in their development of certain criminal and administrative cases, and represent the IRS at any interview of Service managers in connection with an investigation conducted by the Office of Special Counsel of the Merit Systems Protection Board.

Contents

Chief Counsel for the Internal Revenue Service/85

Principal Chief Counsel Officials as of September 30, 1981/86

Regional Offices Caseload Report — All Cases

Region	Pending 10/01/80	Received	Disposed	Pending 09/30/81
North Atlantic	9,335	8,536	6,871	11,000
Mid-Atlantic	7,068	7,404	5,732	8,740
Southeast	6,764	7,605	6,396	7,973
Central	4,231	5,368	4,810	4,789
Midwest	7,257	7,321	6,387	8,191
Southwest	6,485	5,500	4,760	7,225
Western	16,204	14,604	10,584	20,224
Total	57,344	56,338	45,540	68,142

Chief Counsel for the Internal Revenue Service

85

Name	Date
Walter H. Smith	1866
William McMichael	1871
Charles Chesley	1871
Thomas J. Smith	1888
Alphonso Hart	1890
Robert T. Hough	1893
George M. Thomas	1897
Albert W. Wishard	1901
A. B. Hayes	1903
Fletcher Maddox	1908
Ellis C. Johnson	1913
A. A. Ballantine	1918
D. M. Kelleher	1919
Robert N. Miller	1919
Wayne Johnson	1920
Carl A. Mapes	1920
Nelson T. Hartson	1923
Alexander W. Gregg	1925
Clarence M. Charest	1927
E. Barrett Prettyman	1933
Robert H. Jackson	1934
Morrison Shafroth	1936
John P. Wenchel	1937
Charles Oliphant	1947
Charles W. Davis	1952
Daniel A. Taylor	1953
John Potts Barnes	1955
Nelson P. Rose	1957
Arch M. Cantrall	1958
Hart H. Spiegel	1959
Crane C. Hauser	1961
Sheldon S. Cohen	1964
Mitchell Rogovin	1965
Lester R. Uretz	1966
K. Martin Worthy	1969
Lee H. Henkel, Jr.	1972
Meade Whitaker	1973
Stuart E. Seigel	1977
N. Jerold Cohen	1979
Kenneth W. Gideon	1981

In addition, the following served as Acting Chief Counsel during periods of time when there was no Chief Counsel holding the office. John W. Burrus, from March 2, 1936 to November 30, 1936; Mason B. Leming, from December 6, 1951 to May 15, 1952; Kenneth W. Gemmill, from June 11, 1953 to November 8, 1953; Rudy P. Hertzog, from December 1, 1954 to May 8, 1955, from January 20, 1961 to August 16, 1961 and from September 1, 1963 to January 5, 1964; Herman T. Reiling, from January 19, 1957 to March 13, 1957 and from August 31, 1959 to September 20, 1959; Lester R. Uretz, from April 1, 1966 to April 11, 1966; Richard M. Hahn, from January 20, 1969 to June 25, 1969; Lee H. Henkel, Jr., from January 16, 1972 to June 11, 1972; Lawrence B. Gibbs, from April 17, 1973, to October 19, 1973; Charles L. Saunders, Jr., from January 20, 1977 to April 15, 1977; Leon G. Wigrizer, from April 16, 1977 to June 23, 1977; Lester Stein, from June 1, 1979 to November 16, 1979; Jerome D. Sebastian, from January 21, 1981 to February 2, 1981 and from March 30, 1981 to August 14, 1981; and Emory L. Langdon, from February 3, 1981 to March 29, 1981.

Note—From 1866 to 1926, the Chief Law Officer for the Internal Revenue Service was known as the Solicitor. For the next eight years, 1926 to 1934, he had the title of General Counsel for the Bureau of Internal Revenue. Since 1934, he has operated under the title of Chief Counsel.

Principal Officials as of September 30, 1981

National Office

Chief Counsel
Kenneth W. Gideon

Assistant to the Chief Counsel
Lester Stein

Special Assistant to the Chief Counsel
B. John Williams, Jr.

Deputy Chief Counsel (General)
James J. Keightley

Deputy Chief Counsel (Litigation)
Joel Gerber

Deputy Chief Counsel (Technical)
Jerome D. Sebastian

Assistant Deputy Chief Counsel (Litigation)
Stephen M. Miller

Technical Advisors to the Chief Counsel
Peter K. Scott
Daniel F. Folzenlogen

Staff Assistant to the Chief Counsel
Claudine Ausness

Technical Assistant to Deputy Chief Counsel (Litigation)
Kendall C. Jones

Administrative Services Division

Director
Joseph H. Hairston

Assistant Director
Bernard Kamins

Technical Assistant to the Director
William A. Neal

Staff Assistant to the Director
Raymond J. Schuman

Attorney
Barbara A. Foster

Fiscal and Personnel Branch—Chief
Edward E. Pierce

Library—Chief
Anne B. Scheer

Office Services Branch—Chief
Norman S. Coram, Jr.

Planning, Analysis, and Operations Branch—Chief
Allen E. Kibat

Criminal Tax Division

Director
Robert P. Ruwe

Assistant Director
Robert L. Spatz

Branch 1—Chief
James G. Macdonald

Branch 2—Chief
William A. Goss

Disclosure Litigation Division

Director
Peter V. Filpi

Assistant Director
John B. Cummings

Technical Assistant to the Director
Joseph J. Urban

Branch 1—Chief
Michael B. Frosch

Branch 2—Chief
Ronald D. Pinsky

Branch 3—Chief
Arthur L. Lappen

Employee Plans and Exempt Organizations Division

Director
James F. Malloy

Assistant Director
Jonathan P. Marget

Branch 1—Chief
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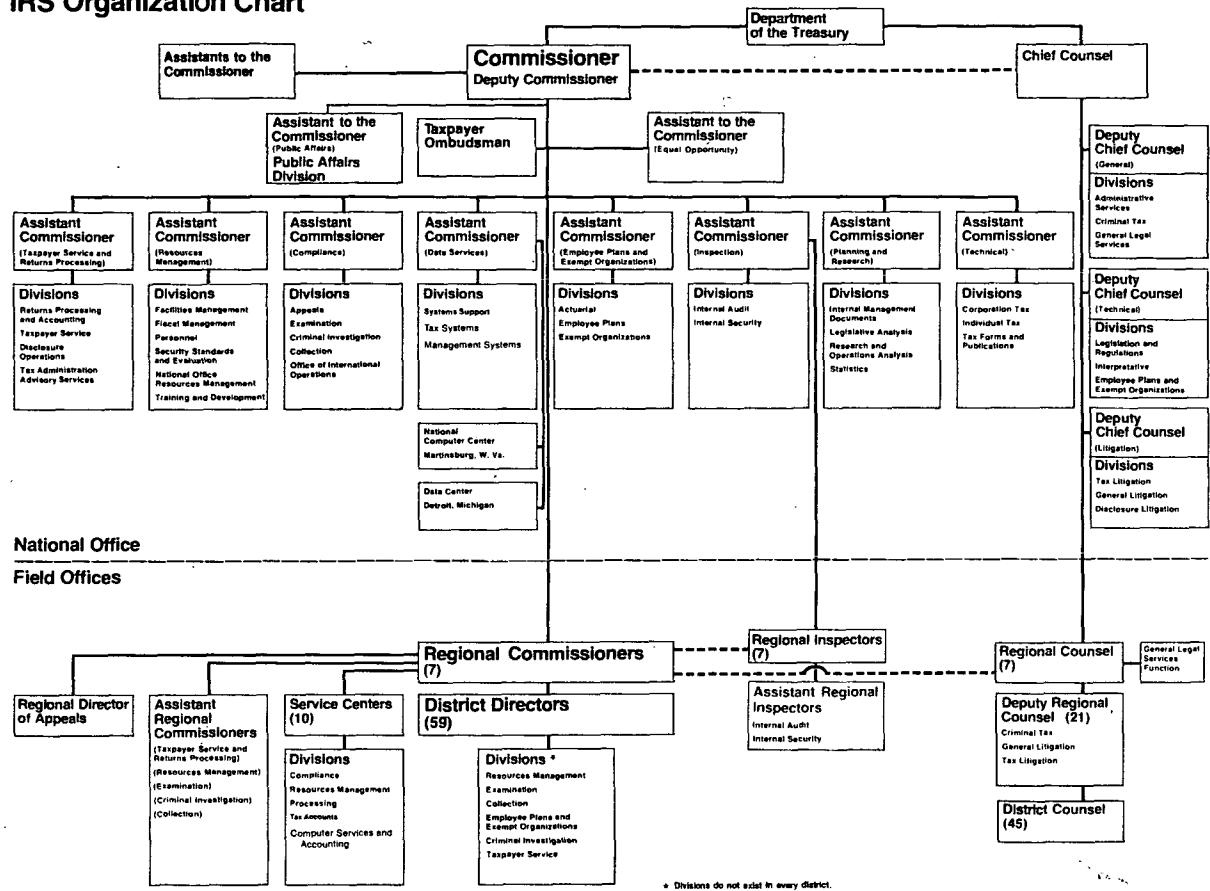
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IRS Organization Chart



Internal Revenue Service Regions, Districts and Service Centers; Chief Counsel Regional and District Offices

